



Prime Minister Brian Mulroney aimed a kick at a balloon during his victory celebration.

Mulroney to Act Quickly on Pact

Voters Endorsed Free Trade With U.S., He Maintains

OTTAWA — Prime Minister Brian Mulroney, savoring success in national elections, said Tuesday that he would call the Parliament back into session in early December to enact Canada's free trade agreement with the United States.

Mr. Mulroney said his Progressive Conservative Party's unexpectedly comfortable victory was a "clear mandate" for the trade agreement and that he intended to implement it on schedule on Jan. 1.

The Conservatives won 170 of the 295 House of Commons seats in the election Monday, 22 more than the 148 seats required for a majority. The election concluded a tough contest fought on the issue of the trade pact that Mr. Mulroney and President Ronald Reagan signed in January. The pact has been passed by the U.S. Senate.

The prime minister, speaking on national television, also said that he had talked with President-elect

George Bush on Tuesday and that they planned to meet before Mr. Bush's inauguration in Washington on Jan. 20.

Most Canadians voted for the opposition Liberal and New Democratic parties, which had made the free trade agreement the main issue

The Mulroney victory provides a major boost for Reagan administration trade policies. Page 3.

of the campaign. But Mr. Mulroney's Progressive Conservatives were able to win a majority in the House of Commons because the opposition vote was split.

Under the Canadian electoral system, it is seats in the legislature, not popular votes, that count.

The opposition Liberals, under John Turner, more than doubled their representation, with 82 seats against 40 four years ago. The socialist New Democratic Party, with

43 seats, topped its previous best mark of 30, which it won in 1984. In the popular vote, the Conservatives won 43 percent, the Liberals 32 percent and the New Democrats 20 percent.

Officials said 75 percent of the 17 million eligible voters cast ballots, a relatively small percentage by Canadian standards.

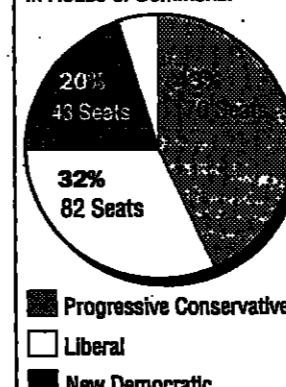
Not since 1953 had a party won two consecutive majorities, and the Progressive Conservatives had not managed it in this century.

The victory was not as big, however, as the 1984 landslide that brought Mr. Mulroney's party 211 seats in a house with a membership at the time of 282.

When Parliament was dissolved Oct. 1, the Conservatives held 203 seats to 38 for the Liberals and 37 for the New Democrats. Four were held by independents and there were five vacancies. Redistricting

Canadian Election Results

Percentage of popular vote and number of seats won in House of Commons.



See CANADA, Page 6

Pretoria Approves Pullout

Botha Expects Signing of Pact On Namibia Soon

By William Claiborne

JOHANNESBURG — The South African government approved on Tuesday a historic regional peace plan for southwestern Africa, already accepted by Angola and Cuba, that is to lead to the withdrawal of 50,000 Cuban troops from Angola and independence for Namibia, which has been occupied by South Africa for 73 years.

After the cabinet decision, Foreign Minister R. F. Botha said he expected that a formal "tentative" agreement on a timetable for the Cuban pullout would be signed by the three parties in Brazzaville, Congo, within a week or two.

"The hard nut that had to be cracked has been cracked," Mr. Botha said at a news conference.

But, he cautioned, negotiators still have to thrash out a system for guaranteeing that the Cubans hold to the withdrawal schedule.

He also said his government had informed U.S. mediators that there could be no peace in the region unless the Angolan government agreed to a process of national reconciliation with Jonas Savimbi, leader of the National Union for the Total Independence of Angola.

Delegations from the three countries are in New York to begin working out a verification mechanism for the timetable of withdrawal of the Cuban troops, which is expected to begin as early as Feb. 1.

South African diplomats described the New York talks as technical and said there appear to be no major hurdles to reaching agreement on verification systems.

Mr. Botha disclosed no details of the withdrawal timetable, but diplomatic sources have said it covered a 27-month period, with about half of the Cubans being repatriated the first year after the beginning of the independence process for Namibia, the territory formally known as South-West Africa. The remaining troops would leave the next year.

Mr. Botha stressed that for the peace process to go forward after the Brazzaville signing, "a lot of hard work has to be done" to reach agreement on withdrawal monitoring mechanisms acceptable to South Africa, Angola and Cuba.

He said that ultimately there would have to be three separate verification groups:

- A United Nations Transitional Assistance Group, which would monitor the political process leading to elections for an independent government of Namibia.

- A second body to monitor the month-by-month withdrawal of the Cuban troops, reportedly under a schedule under which they would move 240 kilometers (150 miles) north of the Namibian border within three months of the start of the process and three months later to the vicinity of the Benguela Railway, about 400 kilometers north of the border.

- A joint committee including South Africa, the United States, the Soviet Union, Angola and Cuba, which, Mr. Botha said, would be a "super appeals court" to which any party could lodge complaints of violations of the agreement.

- U.S. Backs Stand

The United States said Tuesday that South Africa's acceptance of a schedule for Cuban troop withdrawal from Angola cleared the way for the signing of a peace agreement for southern Africa, Reuters reported from Washington.

"With this step all three governments involved in these talks have signaled their acceptance of the Geneva understandings," the State Department spokesman, Charles E. Redman, said.

Chun Is to Repent On TV in Korea

United Press International

SEOUL — South Korea's disgraced former president, Chun Doo Hwan, will humble himself on television Wednesday by apologizing for abuses of power and corruption, aides said Tuesday.

They said the former general, who took power in a coup, would break months of silence, and the Korea Broadcasting System said it planned to broadcast his speech at 10 A.M.

The speech would mark a stunning fall for Mr. Chun who, in eight months, went from absolute power to a man abandoned by his political allies, dogged by his former foes and trampled by the pace of democratic change.

The exact content of his speech was unknown, but aides sketched a plan whereby Mr. Chun would apologize for abuses and corruption, call for an investigation of his assets, return his house to the state and accept internal exile.

Bush-Tower Deal Is Seen for Pentagon

By Bernard Weinraub

New York Times Service

WASHINGTON — President-elect George Bush plans to appoint former Senator John G. Tower of Texas as defense secretary on condition that Mr. Tower accept a strong manager from outside the Pentagon as his No. 2, according to Bush transition aides.

Mr. Tower agreed to those terms, the aides said, adding that a search was now under way to find a deputy defense secretary with solid business experience who would prove resistant to pressure to accelerate military spending.

The deal was worked out on Saturday in a meeting between Mr. Tower and Governor John H. Sununu of New Hampshire, the president-elect's chief of staff, and James A. Baker 3d, Mr.

Bush's designated secretary of state, the Bush aides said Monday.

Some Bush associates have argued against Mr. Tower's selection as defense secretary, partly because they believe he would

Bush says he will tackle the deficit as soon as he is sworn in as president. Page 6.

prove resistant to efforts to cut military outlays because of his strong record on Capitol Hill as an advocate of military spending.

Speaking to reporters on Tuesday, Mr. Bush brushed aside reports that he favored Mr. Tower. Asked if he would name his defense secretary soon, Mr. Bush replied, "Not this week." He said the reports about Mr. Tower were

"not right," and added, "No decision has been made, so if the story said the decision has been made, it hasn't been made."

Mr. Tower, 63, a former chairman of the Senate Armed Services Committee who served in Congress for 24 years, was a senior adviser on military issues to Mr. Bush in the presidential campaign.

Mr. Bush's aides said Mr. Tower would be formally offered the job sometime this week.

Mr. Tower said Monday night that he had not been reached by Mr. Bush and did not know whom the president-elect would pick.

Among those mentioned as possible deputy defense secretaries were R. James Woolsey, a Washington lawyer, conservative Democrat, and former undersec-

retary of the navy in the Carter administration; and Thomas Powell, recently retired chairman of the Martin Marietta Corp.

Paul H. O'Neill, chairman of the Aluminum Company of America, had been mentioned as Mr. Tower's rival for the defense job.

Following the appointment of Richard G. Darman to head the Office of Management and Budget, Mr. Bush is expected to name Michael J. Boskin, a Stanford University professor, as the chairman of the Council of Economic Advisers.

Asked Tuesday about Mr. Boskin, the president-elect called him "a very good man," and said, "He might well prove to be the economic adviser."

U.S. Economy Keeps Rolling Along Despite Jittery Markets

By Louis Uchitelle

New York Times Service

NEW YORK — With the latest plunge in the dollar and the drop in U.S. stock prices, one might think that the financial markets were reacting to dangerous or disastrous developments in the economy. That is not the case.

The U.S. economy has been perking along at the same moderate pace for two or three months, and economists say it might continue to do so next year as well.

"There was nothing in the latest data

to change this assessment," said Albert T. Sommers, a senior economist at the Conference Board, a business organization.

Indeed, most of the economic news in recent days would have been regarded

NEWS ANALYSIS

earlier in the year as good news for the markets. The Commerce Department, for example, reported that exports had reached a record level and imports had dropped in September.

"It was the trade number everyone

wanted and expected and yet the stock market collapsed," said Stephen S. Roach, senior economist at Morgan Stanley & Co., referring to the 38.59-point drop in the Dow Jones industrial average last Wednesday, the day of the report.

In addition, the latest figures on retail sales, industrial production, inventories and housing, all released in the past 10 days, tended to endorse a widely held view that the economy continues to grow, but with few inflationary pressures.

However, the government reported

Tuesday that consumer prices rose by 0.4 percent in October, a bigger-than-expected rise. And after removing costs of food, shelter and energy, the consumer price index rose 0.7 percent last month. (Page 15)

But economists say inflationary pressures have not increased much in recent months. "There is still the same mixture of strengths and weakness that have been evident all along," said Edward McKelvey, a senior economist at Goldman, Sachs & Co.

Clearly, the markets, in dropping over

the past two weeks, were reacting chiefly to fears that the industrialized nations might not continue to support the dollar in the wake of the U.S. election, or that President-elect George Bush will not act soon enough or strongly enough to reduce the budget deficit.

But while these fears were real, the economy had not really changed, nor acquired the seriousness of the budget deficit.

Until the stock market collapse last

See ASSESS, Page 21

Kiosk

New Clashes In Azerbaijan

MOSCOW (Reuters) — The Armenian parliament adjourned abruptly Tuesday amid reports of a fresh outburst of ethnic tension over the disputed Nagorno-Karabakh Autonomous Region, which has a mainly Armenian population but is under the authority of the Azerbaijan Republic.

A journalist at the Armenian news agency said that parliament decided to suspend the session after reports of clashes in the Azerbaijani capital Baku and elsewhere in the republic. The journalist said he had reports that troops were guarding houses of Armenians in Baku.

The legislature of Latvia, meanwhile, decided Tuesday night not to declare itself sovereign. (Page 2)

General News

Francois Mitterrand will personally try to persuade Spain to buy France's version of a high-speed rail system. Page 2.

Benzair Bhatti met the president of Pakistan for talks that could lead to her forming a government. Page 6.

Business/Finance

Oil markets were in disarray after the Iranian oil minister dashed hopes of an early OPEC accord. Page 21.

Table with exchange rates: The Dollar in New York, DM 1.7188, Pound 1.8338, Yen 121.275, FF 5.876.

Labor Breaks Off Talks On Coalition in Israel

By Joel Brinkley

New York Times Service

JERUSALEM — The Labor Party formally broke off coalition talks with its rival Likud on Tuesday, saying the negotiations were fruitless.

"It has become clear that no ba-

Arafat says he'll get a visa to address the UN, but Washington denies receiving a request. Page 8.

sis exists for entering negotiations for establishment of a wide coalition government," a party statement said.

Labor leaders said they were now ready to join the opposition. Ezer Weizman, who was Labor's campaign chairman, said, "The party will reflect on itself and in my opinion will sit with honor and efficiency in the opposition."

If Labor's word is final, then Israel is almost certain to be led by

a coalition of Likud along with the extreme right and religious parties. A majority of Israelis, including many leaders of Likud, find that prospect unappealing and worrisome. Tens of thousands of Israelis have been calling for a renewed "national unity" government between Labor and Likud that excluded the religious parties.

On Sunday, Foreign Minister Shimon Peres, the Labor Party leader, said he was willing, though by no means eager, to join a coalition government with Likud because the alternative "couldn't be any worse."

Labor laid out a series of stiff demands, including rough parity in cabinet positions. But when Likud failed to respond to some Labor requests, "we decided there was no reason to go on with this," a Labor official said.

Although the Labor Party's statement appeared firm, officials

See ISRAEL, Page 8

With Royal Ceremony, an MI5 Charter



Prince Philip helping Queen Elizabeth step down from her coach for the opening of Parliament.

By Craig R. Whitney

New York Times Service

LONDON — As prescribed by the British Constitution, Queen Elizabeth II, all but immobilized by crown, robe, and ceremony, told Parliament on Tuesday what her government planned to do over the next year.

It will, for the first time, provide a written legal basis for the existence of the secret domestic intelligence service, MI5, and sell all power utilities and the water companies in England and Wales to private investors, the queen said.

Borne in a horse-drawn Australian carriage to the neo-Gothic House of Lords entrance on Parliament Square on Tuesday morning, the queen was given a silver satchel containing the speech prepared for her by Prime Minister Margaret Thatcher's government, and read it verbatim, as she must. The MI5 proposal was the main surprise.

"A bill will be introduced to put the security service on a statutory basis under the authority of the secretary of state," she said. But government officials said it would not provide more parliamentary oversight, as demanded by critics.

What the government proposal means is that MI5, which was established in 1909 and now is accountable to the secretary of state for the Home Office, Douglas Hurd, will get an official charter. Though it has about 2,000 employees and a large headquarters building in central London, it nowhere has a basis in law like the charter of the Central Intelligence Agency, the National Security Act of 1949.

MI5 has been rocked by scandal in the past two years, because of disclosures in "Spycatcher," a book the government fought hard to ban.

The book, by a former MI5 employee, Peter Wright, alleged that the secret service plotted against at least one foreign head of state, kept tabs on the Labor Party for years as potentially subversive and considered a plan to discredit one of the party's leading members, Harold Wilson, when he was prime minister.

The closest thing to the CIA in

A Soviet Psychiatrist Accuses

Article Describes Systematic Abuses to Silence Dissent

By Felicity Barringer

New York Times Service

MOSCOW — A Soviet newspaper has published an article by a Moscow psychiatrist supporting Western charges that Soviet psychiatry was systematically used to suppress dissent in the 1970s.

The psychiatrist, Mikhail I. Buzanov, asserted in an article Saturday in the teachers' newspaper Uchitel'skaya Gazeta that, in the 1970s, Soviet psychiatrists gave law-enforcement officials "the idea that anyone opposed to anything was, hiddenly or openly, a mental case."

He added that members of a demoralized profession had been willingly deputized by "extra-medical organizations and officials," apparently a reference to both law-enforcement officials and the KGB, and "accused to any whim of the local authorities."

Although articles in the Soviet press since the summer of 1987 have criticized some Soviet psychiatrists as corrupt, poorly trained and ineffectual, Mr. Buzanov goes well beyond anything previously published here in charging, as Western critics and Soviet dissidents have long maintained, that Soviet psychia-

trists systematically abused their profession to suppress dissent. Publication of the article comes at a time when Soviet psychiatrists are seeking readmission to the World Psychiatric Association; they have agreed to a visit by American psychiatrists in January.

The U.S. group, which is expected to request and receive case histories of people who were confined to mental institutions apparently for political actions, will visit Soviet mental hospitals, according to a statement on the visit prepared by U.S. and Soviet officials and issued by the State Department in Washington on Monday. The group also expects to examine some of these patients.

According to Alexander Podrabinek, a dissident who has been monitoring Soviet psychiatry for a decade, there are at least 30 confirmed cases of people still committed to mental institutions as a result of political activities, and 120 or so other suspected cases.

"There's never before been anything like this article," Mr. Podrabinek said. "But people are still in

See SOVIET, Page 6

Handwritten Arabic text: صكذامن الاصل

WORLD BRIEFS

Miners and Riot Police Clash in Paris

PARIS (Reuters) — About 500 miners from the impoverished eastern region of Lorraine clashed violently with riot policemen outside the office of Prime Minister Michel Rocard on Tuesday.

Israeli Air Strikes Kill 6 in Lebanon

SIDON, Lebanon (AP) — Israeli warplanes attacked PLO guerrilla bases Tuesday near the southern port city of Sidon, killing six Palestinians and wounding nine, the police said.

6 Scientologists Expelled by Spain

MADRID (Reuters) — A Spanish judge ordered on Tuesday the expulsion of six persons who had been detained in a police raid of the Church of Scientology, court sources said.

60 Hurt in Sudan Peace-Pact Protest

KHARTOUM, Sudan (Reuters) — Thousands of Moslem militants battled with Sudanese southerners in central Khartoum on Tuesday during protests over a pact to end the civil war in the south.

U.S. Aides Meet on Noriega Case

WASHINGTON (Reuters) — The Reagan administration, with only two months to go before President-elect George Bush takes office, has re-examined the possibility of reaching a settlement with the Panamanian leader, General Manuel Antonio Noriega, administration officials said.

A Son of Trotsky Is Rehabilitated

MOSCOW (Reuters) — A son of the Soviet revolutionary leader Leon Trotsky, Sergei Sedov, who was shot in Moscow in 1937 after his father was alleged to have plotted to kill Stalin, has been rehabilitated, the government newspaper Izvestia reported.

Blizzard Cools Off Unrest in Kosovo

PRISTINA, Yugoslavia (Reuters) — Ethnic unrest subsided Tuesday as a blizzard raged in Kosovo Province after five straight days of protests by ethnic Albanians over the removal of local Communist leaders.

TRAVEL UPDATE

Europeans Assailed Over Air Delays

BRUSSELS (Reuters) — The Association of European Airlines accused governments on Tuesday of stalling on finding a solution to the problems facing European air travelers.

Mitterrand Pressures Spain to Buy TGV

By Barry James International Herald Tribune PARIS — President Francois Mitterrand will try to persuade Prime Minister Felipe Gonzalez of Spain on Wednesday to buy France's high-speed train for a new rail link between Madrid and Seville.

French officials said a decision by Spain to give any part of the order to West Germany would be considered a "politically unfriendly" act.

In a background briefing for Spanish correspondents, French officials said a decision by Spain to give any part of the order to West Germany would be considered a "politically unfriendly" act.

France, West Germany and Japan are competing for the Spanish contract, reported to be worth at least 80 billion pesetas (\$700 million). It will be the first contract involving the sale of ultra high-speed railway equipment by one country to another and could pave the way for further business as Spain expands its links with the rest of the European Economic Community.

National prestige as well as cash is involved. France, which has built Europe's first high-speed rail service, the Train a Grande Vitesse, or TGV, considers itself a world leader in the field.

A West German consortium headed by Siemens AG has offered to set up a factory in Spain if the Spanish government accepts its offer.

According to economic analysts, Mitsubishi sees the Spanish contract as an opportunity to enter the European rail market, to find a use for some of its spare heavy industrial capacity and as a step toward winning contracts in the United States.

According to press reports in Madrid, the Spanish government is studying a proposal to buy 24 sets of passenger trains from France and 75 locomotives from the German consortium, dividing the contract roughly in two.

But France believes there are no technological reasons for preferring the untried German train over its own well-tested system, which is now being extended toward the Atlantic and Channel coasts.

Meanwhile, Mitsubishi Corp. in Japan is offering a version of its "bullet train" at a price said by Spanish sources to be considerably lower than that of the proposed French and West German systems.

In an interview with Le Monde, Mr. Gonzalez said Tuesday that the purchase was a major decision for Spain and one that could have important repercussions for its own railway, steel and electrical equipment industries.

Latvia Backs Moscow on Sovereignty

By Esther B. Fein New York Times Service

MOSCOW The Kremlin appears to have succeeded in its efforts to dull opposition from the Baltic republics to its proposed constitutional changes, as the legislature of Latvia decided on Tuesday night not to declare itself sovereign.

The vote in the Latvian Supreme Soviet followed by several days a similar vote in the Lithuanian legislature and left Estonia as the only one of the three Baltic republics to have granted itself veto power over Soviet legislation.

Estonians had hoped that their drive for sovereignty, issued last week at a special session of their Supreme Soviet, would be joined by Lithuania and Latvia.

But after Moscow declared that the Estonian vote was unconstitutional and offered to modify some of the more criticized points in its draft amendments to the constitution, Lithuanian and Latvian legislators backed away from a confrontation and decided against supporting what is being called in the Baltics "the Estonian clause."

Members of the Latvian legislature, however, gave only conditional approval to the proposed constitutional changes, which President Mikhail S. Gorbachev has said are essential to his reform program and which are scheduled to be adopted at a meeting of the Supreme Soviet in Moscow on Nov. 29.

The voted instead to ratify those changes only if Moscow incorporates several suggestions proposed by the Latvian leadership that insure the rights of individual republics.

"They basically accepted and approved compromise material," said Janis Peters, chairman of the Latvian Writers Union and a founder of the Latvian Popular Front, a grassroots movement that has called for more political and economic autonomy.

"To me such a decision is improper," said Mr. Peters, who was invited to the legislative session as a guest. "Our Supreme Soviet should have been stronger."

As part of the Kremlin's strategy to coax support from the Baltic republics, representatives of the Latvian leadership were invited this week to Moscow to meet with Anatoli L. Lukyanov, first vice president of the presidium of the Supreme Soviet, the executive committee of the Soviet legislature.

At that meeting, the Latvian president, Anatoli Gurbanov, presented complaints from his constituents that the draft proposals concentrated too much power in Moscow and deprived the Baltic republics of authority within their own borders.



U.S. Education Secretary to Focus On Dropout Rate Among Minorities

By Barbara Vobejda Washington Post Service

WASHINGTON — Education Secretary Lauro F. Cavazos calls it "my awareness campaign" and, in his two months in the Reagan administration, the issue has dominated almost every speech and interview. The subject — the school dropout problem, particularly among minority students — "is one of the few matters that Mr. Cavazos seems to get exercised about."

"This country has not recognized the severity of the problem," he said. Mr. Cavazos, the first Hispanic cabinet member, cited a 40 percent dropout rate among Hispanics. "I can't believe we can let that continue."

Mr. Cavazos, whom President-elect George Bush said Monday would remain in his post in the new administration, has made it clear that his priorities lie in aiding disadvantaged and minority students, who disproportionately drop out of and fail in school.

And since he was named to replace William J. Bennett in a move widely seen as an effort to gain support for Mr. Bush in Texas and the Hispanic community, Mr. Cavazos has also made it clear that he is very different from his predecessor.

To education groups, Mr. Bennett was seen as an adversary, while Mr. Cavazos has gone out of his way to garner the support of educators and their organizations. Mr. Bennett supported Reagan administration budget cuts in education; Mr. Cavazos has vowed to fight for additional funding. And many of

the ideological, conservative appointees at the department have left.

"He clearly is not taking the approach that Bennett and his crew took," said David Metkowitz, a spokesman for the American Council on Education. "He's not going for the quick hit and the big headline. He obviously wants to look at the problem and create a cooperative approach."

Some educators worry that, where Bennett succeeded in raising education on the national agenda, the consensus-minded, noncontroversial Mr. Cavazos may fail.

"It's somewhat disappointing," said one former education department official of Mr. Bush's choice. "It seemed an easy place to make an interesting and bold appointment."

At the same time, educators are well-aware that Mr. Bush vowed to be "the education president," and they are waiting to see if the new administration fulfills its pledge.

During the campaign, Mr. Bush proposed three new or expanded federal programs in education: \$500 million in awards to disadvantaged schools that show improvement; expansion of a program to aid experimental efforts from \$12

million to \$50 million; and \$50 million in federal matching funds for magnet schools.

Mr. Cavazos, 61, a former professor of physiology and president of Texas Tech University, has indicated he will not abandon the themes pushed by the Reagan administration: holding educators accountable for school improvement, raising standards and offering parents more choice among schools.

But, even as the education community welcomes its "education president," there is a broad recognition that sweeping new programs are unlikely in light of the federal budget deficit. Even Mr. Bush's campaign proposals may be at risk.

"Something out of the pen for those that are not going to be easy," said Chester E. Finn Jr., former assistant education secretary.

Mr. Finn expressed anxiety that Bush's vow to create a "kinder, gentler" nation will mean that the administration no longer challenges educators and the sector Mr. Bennett derisively labeled "the education establishment."

"The establishment types have looked awfully happy lately," Mr. Finn said. "It might mean a loss of a sense of urgency about changing anything."

IN MEMORIAM 100 years ago this day was born Eric HAWKINS part of the saga of the PARIS HERALD and of the IHT. He joined the New York Herald in 1915 and served as Managing Editor from 1924 to 1960.

EXCELLENCE IN INTERNATIONAL EDUCATION American Community Schools, England Two spacious campuses close to London provide a stable environment, high educational standards and a happy social life for relocated youngsters.

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Soviet Shuttle Faces U.S.-Style Criticism

By John Noble Wilford New York Times Service NEW YORK — Fresh from its triumphant first flight in space a week ago, the Soviet Union's new space shuttle now faces the same challenges and criticisms that confront its American competitor.

Some speculated that in the long run it might be the first step toward assembling and operating a large orbiting space station in the next decade.

مركزنا من الأهل

AMERICAN TOPICS

When Outsiders Give College Exams

Testing of college students by outside examiners, a practice common in the 19th century, has since fallen into disuse, but not at Marlboro College in Vermont, which has only 240 students. Vermont's Middlebury College, Swarthmore in Pennsylvania and Oberlin in Ohio use outside examiners for honors students.

Other institutions may follow. Assessment by outsiders "is looming as the collegiate educational issue of the 1990s," Robert Zensky, director of the University of Pennsylvania's Institute for Research on Higher Education, told The New York Times.

Marlboro, small and relatively isolated, considers outside examiners vital as external reference points. The Times says the teachers, even more than the students, are on trial. "Having one of your students — someone you have tutored for two years — being judged by an outsider can be pretty threatening," says Geraldine Pittman Battle, who teaches literature.

Faculty members become coaches rather than intellectual authorities. "Our authority derives from our knowledge of how to help students find out what is right," said T. Hunter Wilson, who teaches creative writing. "It doesn't come from the power to dictate answers."

Short Takes

The National Wetlands Policy Forum, a bipartisan panel of state and federal officials, business people and conservationists, has recommended a national goal of creating more wetlands than are being destroyed — reversing a trend that has drained about half of the 215 million acres (86 million hectares) of marshes, bogs, fens, swamps and five estuaries in the contiguous 48 states over the centuries. Once considered wasteland, wetlands are now recognized as crucial to reducing pollution, protecting wildlife, cleansing groundwater and controlling erosion.

"I think it's inevitable that in this country there will be a woman president," Ronald Reagan said in a recent talk to Washington high school pupils, "because they've come up in so many different fields." He added, "I welcome it."



Steve Gaffin/The Associated Press

GI 'MANNY' — The mannequin that the army will use to test clothing to protect soldiers from chemical warfare agents. The mannequin, dubbed Manny, will be covered with a rubber skin containing sensors to detect leaks in the protective clothing.

The total number of cats, dogs, birds and horses kept by Americans is 126 million, or one for every two persons. When hamsters, fish, turtles, snakes and rabbits are counted, the total climbs to more than 200 million creatures, according to the American Veterinary Medical Association.

Women constitute 15.8 percent of state legislators and 5 percent of members of Congress this year, compared with 13.3 percent in state legislatures and 4 percent in Congress in 1983. The Women's Research and Education Institute called it "snail's pace" progress.

The police in Waukesha, Wisconsin, arrested Harold Schmidt, 27, for burglary and said he had telephoned his grandmother in Florida from the scene of the crime. The police had questioned and released him earlier about the burglary. He was booked after the victim received her telephone bill several months later.

Arthur Higbee

A Boost for U.S. Trade Policy

Mulroney Victory Helps Efforts to Eliminate Tariffs

By Stuart Auerbach
Washington Post Staff Writer

WASHINGTON — Prime Minister Brian Mulroney's victory in the Canadian elections provides a major boost for Reagan administration trade policies and increases the odds for success in crucial international trade talks in Montreal next month.

The election turned into a referendum on the U.S.-Canadian free trade agreement, which had been sought by the Mulroney government and had already been approved by the United States. It would create the world's largest tariff-free market, stretching from the Arctic Circle to the Rio Grande.

The free trade pact is a cornerstone of Reagan administration trade policies. Its approval in the United States fulfilled a longtime dream of the president, who articulated his vision of a North American free trade zone when he announced for the presidency in 1979.

Leaders of both Canadian opposition groups — John Turner of the Liberal Party and Ed Broadbent of the New Democratic Party — had vowed to tear up the pact if they won.

Analysis said a Mulroney victory would assure Canadian approval of the agreement, removing the threat that hangs over international trade talks that start in Montreal in two weeks. Ministers of 96 nations will gather then to review progress on strengthening the compact that polices world trade, the General Agreement on Tariffs and Trade, or GATT.

Mr. Mulroney's victory is expected to help those negotiations liberalize trade around the world, a major element in Reagan administration trade strategy. The White House has used the agreement with Canada as an example of the benefits of free trade and brandished it as a club by threatening to enter into similar pacts with other countries if the global negotiations fail to make progress.

Clayton K. Yentzer, the U.S. trade representative, told Congress last summer that a rejection of the agreement "would send the wrong signal to the rest of the world. We would lose the impetus it gives to the new GATT round on which both the United States and Canada count so heavily."

He said there could be little hope of success in the GATT talks. "If the U.S. and Canada — the two largest trading partners in the world, next-door neighbors, the closest of friends and allies — cannot liberalize their trading relationship..."

The U.S.-Canada agreement was seen around the world as a giant step for free trade at a time when the concept was being battered by protectionist winds in the United States and other countries.

The agreement, moreover, addresses areas of trade that did not exist when GATT was formed 41 years ago out of the ashes of World War II. These include trade in services, one of the most complex problems confronting the current GATT talks, and the elimination of barriers to foreign investment.

By the same token, analysts said that some countries would have seen Canada's rejection of the agreement as a repudiation of the free trade philosophy and would use it as an excuse to continue protectionist practices.

For example, aides to the incoming Mexican president, Carlos Salinas de Gortari, said his program to liberalize import barriers would be damaged by a Canadian defeat of the agreement with the United States.

The importance of the Canadian agreement to overall U.S. trade strategy was underscored in a magazine article last January by James A. Baker 3d, then the Treasury secretary, who said one of the benefits of the pact was that "it provided an incentive to other governments" to lower trade barriers.

And if they did not, Mr. Baker brandished the threat of forming a "club" of free-trading nations that would supplement GATT. The unspoken threat was that the United States would grant those nations preferential access to its market, the largest and richest in the world.

"We can demonstrate a hard-nosed Yankee-trader realism about bargaining," Mr. Baker said.

If other nations are not ready to liberalize trade rules under GATT, he wrote, "we will begin with those that are and build on that success." Mr. Baker, who will be secretary of state in the Bush administration, played a key role in final negotiations on the Canadian accord.

Carl Hubbell, Baseball Star, Is Dead

The Associated Press

SCOTTSDALE, Arizona — Carl Hubbell, 85, the pitcher who won 253 baseball games and was perhaps best remembered for his consecutive striking out of Babe Ruth, Lou Gehrig, Jimmy Fox, Al Simmons and Joe Cronin in the 1934 All-Star Game, died Monday.

Mr. Hubbell died two days after he was injured when his car struck a pole.

The left-handed pitcher compiled a 253-154 record during his 16 years as a major leaguer. He won 21 or more games for five straight years, earned the Most Valuable Player Award with a 26-6 record in 1936 and set what was then a record 46½ consecutive scoreless innings from July 13 to Aug. 1, 1933. He was elected to the Hall of Fame in 1947.

Mr. Hubbell's career, spent entirely with the New York Giants, spanned the years from 1928 to 1943, during which time the team won three pennants and the 1933

World Series. He later worked for the Giants as an executive and scout.

His most celebrated feat was the consecutive strikeouts of Ruth, Gehrig and the three other future Hall of Famers in 1934. His specialty was the screwball, which curved away from right-handed batters.

Other deaths:

Jennie Lee, 84, a Scottish coal miner's daughter who rose to become a Labor Party member of Parliament and minister of state for the arts and who was awarded a life peerage as Baroness Lee of Asheridge, Nov. 16 in London. She had been married to Aneurin (Nye) Bevan. The cause of death was not disclosed.

Tala Yassoub, 49, secretary-general of the hard-line Palestine Liberation Front group, Thursday of a heart attack in Algiers.

Haywood S. Hansell Jr., 85, who commanded American strategic

bombing of Germany and Japan in World War II, Nov. 14 of heart failure in Hilton Head, South Carolina.

Frederick Ungar, 90, who fled the German occupation of Austria and published the works of Goethe, Thomas Mann, and Erich Fromm in the United States, Nov. 16 of heart failure in Scarborough, New York.

Douglas E. Graves, 70, who handled development of several major weapons systems during a 43-year career with Boeing Co. Thursday of cancer in Seattle. He helped produce the cruise missile, the short-range attack missile, the airborne warning and control system and the E-4 advanced airborne command post.

Vlad Georgescu, 51, a Romanian historian who was a leading dissident in his country in the 1970s and who for the last six years directed the Romanian service of Radio Free Europe, of a brain tumor Nov. 13 in Munich.

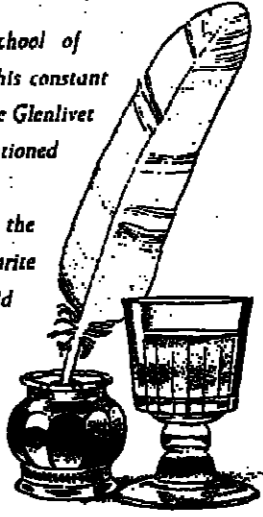
What put the Sir in Sir Walter Scott?

It has been commonly assumed that Sir Walter Scott was given his knighthood for services to literature.

However, there is a school of thought which is puzzled by his constant publicizing and praising of The Glenlivet single malt whisky. It is mentioned frequently in his writings.

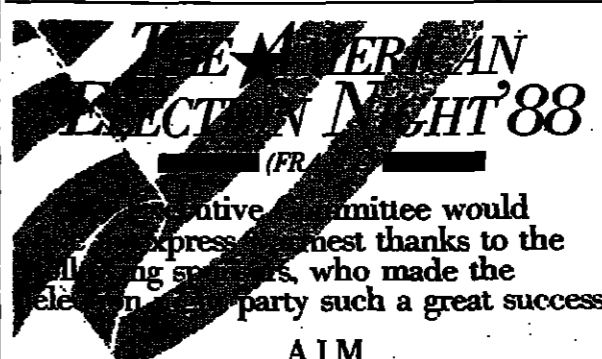
The Glenlivet® was also the Monarch of that time's favourite whisky. It was said "he would drink nothing else".

Is there a connection between these two facts and his knighthood? I believe we should be told.



The Glenlivet®

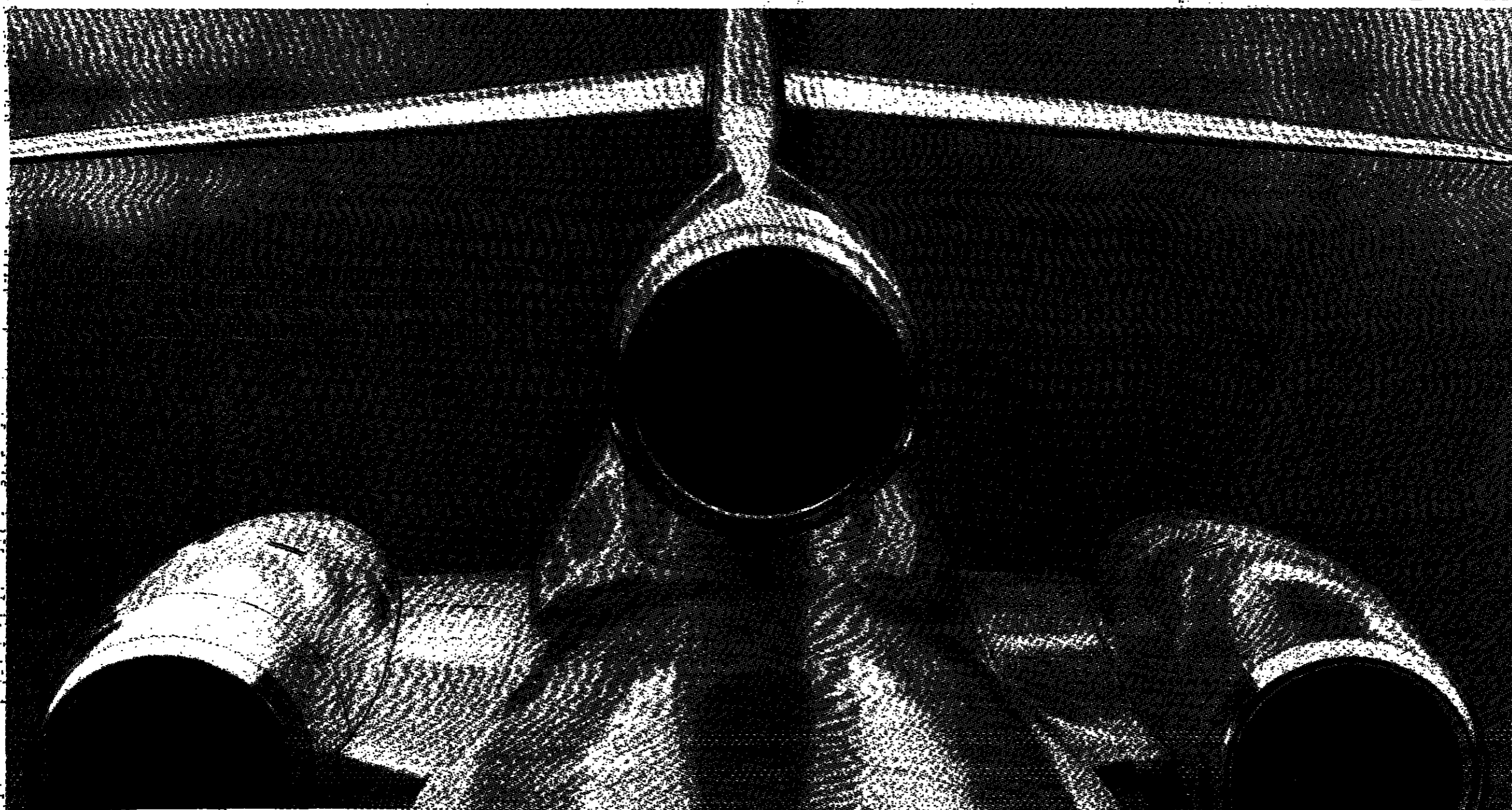
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OPINION

INTERNATIONAL Herald Tribune

Apartheid Wins in Court

A provincial court, ruling in what is widely seen as the most important political trial in South Africa since Nelson Mandela and others of the outlawed African National Congress were convicted a quarter-century ago, has convicted the leaders of the current leading anti-apartheid organization, the United Democratic Front. This is another profound mistake by a white ruling class that is pervasively unable to see its own interest, let alone the country's, in breaking up the apartheid system and granting universal political rights.

Bush Keeps Playing Deaf

George Bush's first five choices for his cabinet, all moderate conservatives, convey a welcome message that he is more interested in solving problems than in flaming ideology. All are practical men. World that Mr. Bush were as practical. On Monday, even as he announced the selection of Richard Darman as his budget chief, he held rigidly to the notion that a \$150 billion deficit can be reduced to zero in four years with no new taxes.

A Move Against Steroids

The announcement of a plan for U.S. and Soviet Olympic committees to test athletes for steroids is welcome news. It is also overdue. Sports organizations are fighting a losing battle against anabolic steroids, and the reason is that most don't have their hearts in the struggle. Only a handful of competitors, including Ben Johnson, the Canadian sprinter, were expelled from the Seoul Olympics for using the forbidden drugs.

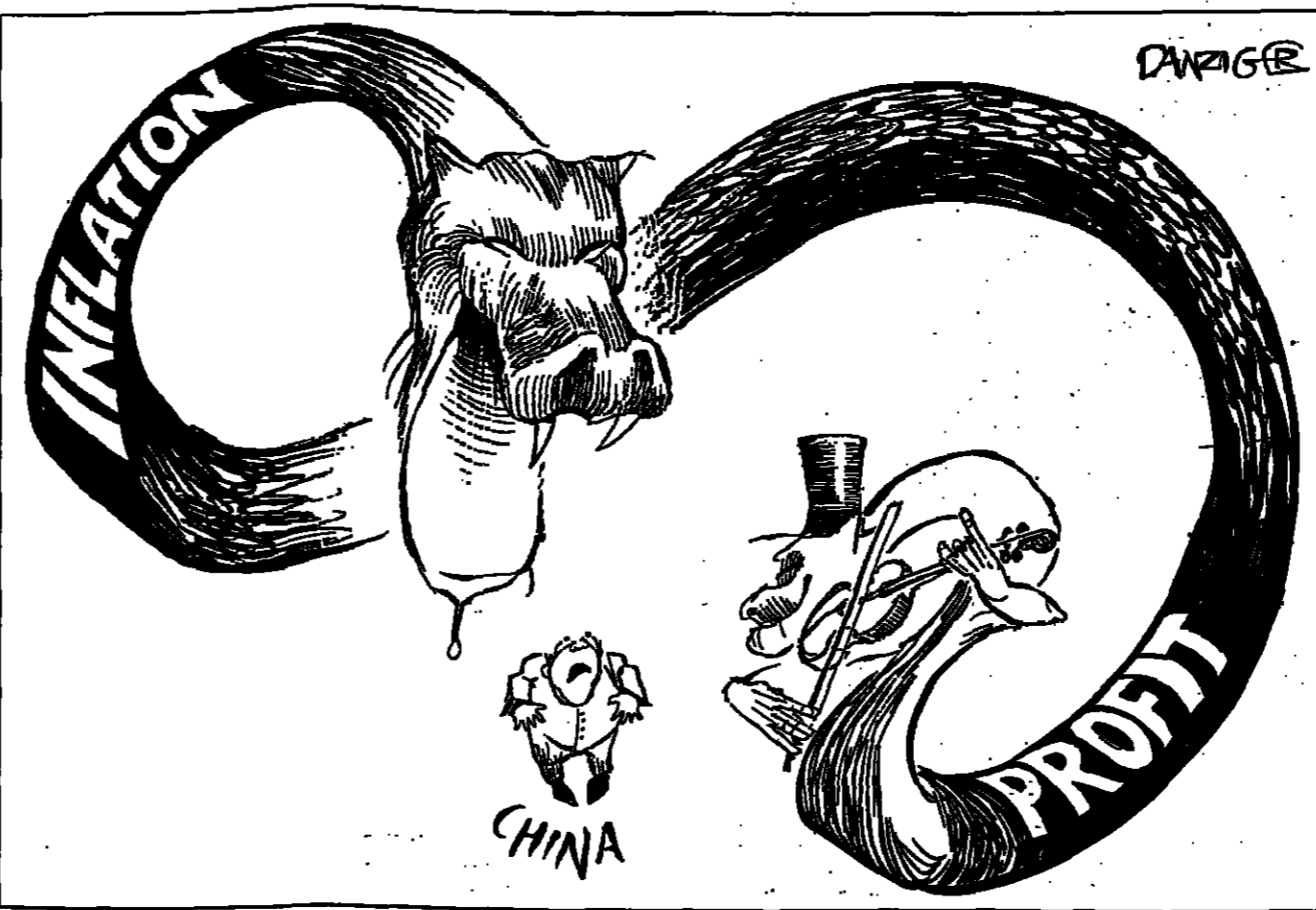
Other Comment

Mulroney's Historic Victory

Prime Minister [Brian] Mulroney of Canada has just won an election of great importance for his country. It was a narrow victory but an historic one, the first time since 1874 that the Conservatives have won two consecutive terms in office.

The Big Bad EC Is a Fiction

The screeching about 1992 is reaching fever pitch. "There is a real risk that Europe will turn into a protectionist entity as 1992 comes more and more into being," said Al Kingston, the American ambassador to the European Community.



The Worries About Fortress Europe Are Justified

BRUSSELS — How seriously should the world take the threat of "Fortress Europe"? As recently as the beginning of this year it still seemed absurd that Europe's efforts to create a genuine common market by 1992 might involve freezing non-Europeans out of key sectors like banking and financial services.

Germany: Speaker Jenninger Spoke the Truth

CHICAGO — The resignation in disgrace of Philipp Jenninger as speaker of the Bundestag is a deplorable reminder that for all too many there will never be a right moment for the truth about Germany and the Nazis in particular, and about the pathetic fragility of decency, justice and humanity in general.

To Win, the Democratic Party Will Have to Change

WASHINGTON — The Democrats have become consensus candidates of defeat. They have it down to a nice routine now. After each presidential election, the national party leaders and the Democratic "chairs" of the 50 states, as they style themselves, go off together to contemplate the latest loss and vow that next time they are definitely going to do better.

Many Take Our Peace For Granted

By William Pfaff
BERLIN — Seventy years ago this month in Berlin the storm of German revolution was gathering. The Kaiser gone, a moderate socialist leader, Friedrich Ebert, governed Germany. The chancellor, Prince Max von Baden, had handed authority over, saying: "Herr Ebert, I commit the German Empire to your keeping."

What caused World War I? We don't know!

remained a turbulent socialist factional leader. His lethal blend of socialist idealism with combative nationalism might never have happened — a mixture whose force still is not spent. Much of what today passes for communism or extreme socialism in Latin America, the Middle East, Africa and Asia is Mussolini's mixture in a different ideological guise.

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سكزامن الاصل

OPINION

From Gulag to Manhattan: Strong Men, Still Talking

By A. M. Rosenthal

NEW YORK—Open the door of the bare office on West 30th Street. Across the room a man stands up, moves forward. Walk toward him, shake hands, embrace. Pyotr Ruban on West 30th Street! Twenty-two years eating the mean bread of imprisonment in Soviet political jails, finishing one sentence for speaking his mind, arrested again, incarcerated again, exiled, re-arrested and imprisoned, isolated from family and world for more than two decades — and here is Pyotr

Democracy, a group of Soviet and American citizens who struggle for Soviet prisoners and other freedom causes. Mostly that is because your own mind is grappling with the stunning fact that these men, so familiar and yet so unknown, are here, not in the Ural and Siberian prison camps, but here in this very room on West 30th Street.

You know it would not have happened without Mikhail Gorbachev's rise. Prisoners were locked up for decades for saying some of the things about tyranny and failure that he now says himself. And all those people in the Soviet Union and the United States who keep the names of the prisoners alive — they helped make it politically embarrassing for the Gorbachev regime to keep the cells full.

But only the prisoners matter, so later, search out Mr. Ruban again, this time at the office of Helsinki Watch, which fights for political prisoners everywhere. This is how heroes look: Natan Sharansky is short and bald, Mr. Sakharov's shoulders droop, Pyotr Ruban is slight and wiry; his moustache says:

Mr. Ruban is a Ukrainian nationalist. He knows that there were collaborators with the Germans in the movement. He says that those in the Ukraine were shot and that there are few now in America. He demands full Ukrainian political rights and freedom, but he no longer fights for secession.

He was arrested once for a bungled robbery to get funds for the movement. But mostly the years of arrest and incarceration were for speaking and writing about brutalities of the Soviet system.

His last indictment, in 1985, condemned him for opposing the Soviet invasion of Afghanistan, praising the Polish Solidarity movement, denouncing international terrorism, claiming that Soviet agriculture is in a bad way and promoting nationalist feelings in the Soviet republics. Today it reads like a summary of the news in Pravda. He got nine years in the special hard time camps, and four more in exile.

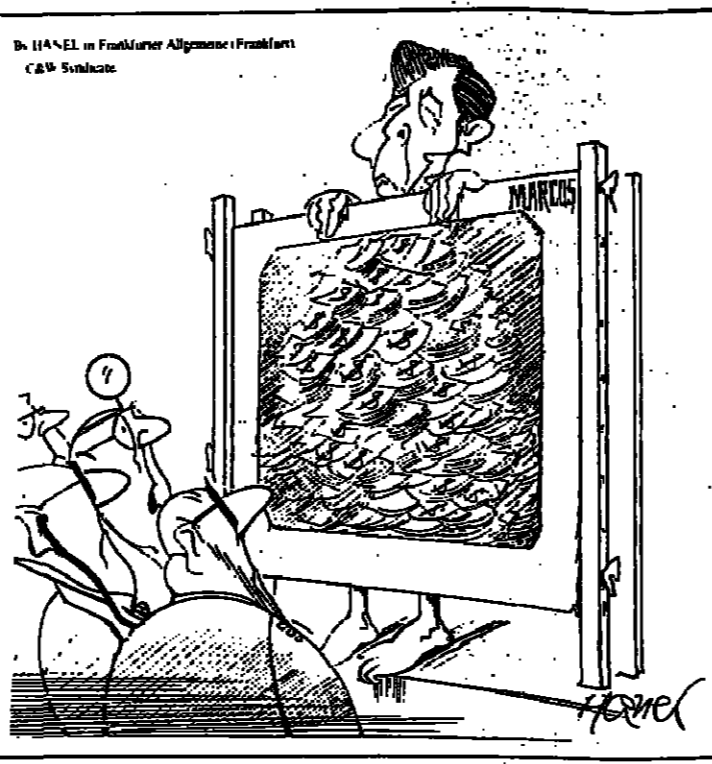
On May 23, 1988, Mr. Ruban was in the punishment cell of a political prison in the Urals; his 47th day, this time. He was taken to the warden, who told him he was being released and put out his hand. "I do not shake hands with murderers," Mr. Ruban says he responded.

Seven days later, Mr. Ruban was at a dinner in the U.S. ambassador's residence in Moscow, seated next to Secretary of State George Shultz. On July 13 he arrived in the United States.

He spends his time speaking to Ukrainian-American groups and setting up a company to get financial help for private enterprise cooperatives in the Soviet Union. He thinks they are a good way to keep on fighting the system.

Pyotr Ruban now lives in the town of Irvington, in the state of New Jersey.

The New York Times



HANEL in Frankfurt Allgemeine (Frankfurt) C&W Syndicate

C. S. Lewis, Gone but Hardly Forgotten

By Michael Nelson

NASHVILLE, Tennessee—A quarter of a century after his death on Nov. 22, 1963, the popularity of C. S. Lewis, known for his apologetic and imaginative works of Christian literature, refuses to wane. Indeed, the opposite is more nearly true. His books now sell around two million copies each year in his native Britain and in America — six times the number sold during his lifetime. Lewis's most famous books — "Mere Christianity," "Screwtape Letters," his science fiction trilogy and "Chronicles of Narnia" — have gone through scores of printings.

In its most extreme form, Lewis's continuing popularity verges on hagiography. Nothing rivals the account of the New Testament translator J. B. Phillips, who blandly reported in 1967 that a "rosily radiant" (albeit deceased) Lewis had visited him twice in his home and "spoken a few words which were particularly relevant to the difficult circumstances through which I was passing." But what of the C. S. Lewis aprons, mugs, sweat shirts and tote bags, or the calendar that promises "to bless whatever room it hangs in with a quiet sense of peace?"

Lewis himself, it is safe to say, would have been appalled. He made his living as a literary scholar at Oxford and Cambridge. His was a life devoted to simple pleasures: hiking, reading and "sitting up till the small hours in someone's college rooms talking nonsense, poetry, theology, metaphysics over beer, tea and pipes." Lewis lived plainly: two-thirds

of his book royalties were earmarked for charities. He never traveled abroad, even when fame brought invitations to lecture from around the world.

Lewis's path to Christianity was clearly his own. What seems to have brought him around was a long conversation with J. R. R. Tolkien and others who persuaded him that Christianity was true precisely because, in addition to being historic, it was mythic. One of humankind's grandest recurring myths — that of the dying god who rises again to save the people — had been fulfilled in Jesus Christ.

Lewis's Christianity was orthodox, not liberal, and supernaturalist, not modern, in contrast to the theological thought of the day, which he dubbed "Christianity-and-water." To defend traditional doctrine in a secular age was the mission Lewis defined for himself: "Ever since I became a Christian I have thought that the best, perhaps the only, service I could do for my unbelieving neighbors was to explain and defend the belief that has been common to nearly all Christians at all times."

Lewis's orthodoxy is not to be confused with pragmatism or fundamentalism. His discussion of chastity, for example, begins with a warning not to confuse it with propriety: "A girl in the Pacific islands wearing hardly any

clothes and a Victorian lady completely covered in clothes might be equally 'modest,' proper or decent, according to the standards of their own societies."

He concludes by cautioning the reader to maintain a sense of proportion: "The sins of the flesh are bad, but they are the least bad of all sins. All the worst pleasures are purely spiritual: the pleasure of putting other people in the wrong, the pleasures of power, of hatred."

More generally, Lewis dismissed (and, with gusto, violated) some Christians' objections to alcohol and tobacco as "ignorant as savages of the historical and theological reading needed to make the Bible more than a superstition."

It is not at all clear that his writings have brought many skeptics and nonbelievers to the altar. What seems more certain is his value to those who already call themselves Christians, especially mainstream Protestants and Catholics.

The lives of people in the modern church typically have been almost schizophrenic. The sermons they hear and the denominational publications they read are prepared mainly by church leaders trained in liberal academic seminaries, where avant garde theology, radical biblical criticism and social and political relevancy are the reigning gods. These leaders have little to say about sin, resurrection, the afterlife or other traditional doctrines.

But the liturgies of worship and the memories of worshippers are filled with prayers, Scripture and creeds that embody orthodoxy and keep it alive, if incomprehended, in the minds of the laity. What Lewis did, by shedding light on the historic teachings of the church, was to help Christians to understand what they already realize is important, even if most of their leaders have forgotten.

The writer teaches political science at Vanderbilt University. He contributed this comment to The New York Times.

He Had the Power to Transform

NO one who has seriously read C. S. Lewis's works — from his fairy tales to his Christian apologetics — has come away the same. He challenged the prevailing wisdom of the day, not from some separate subculture but on its own turf, chiefly the universities. First at Oxford and later at Cambridge, students stood in auditoriums filled to capacity — a rarity at both — to hear his lectures.

He was called the greatest teacher of our time in his chosen fields, and the best-read man of his generation, one who read everything and remembered everything he read. As former Senator Eugene McCarthy has written: "Lewis convinces his readers that he is the most reliable guide they have found on the subjects that matter most."

And what subjects might those be? How about: Does God exist? Is there a spiritual reality that transcends the material world which is accessible to our senses? Other than scientific reasoning, is there any intellectually legitimate means of obtaining knowledge of the world we inhabit? Is moral reasoning

only an expression of taste or opinion? Perhaps the politicians and those who trust the political process to save us from social evils might wish to consider this Lewis moral: "A sick society must think much about politics, as a sick man must think much about his digestion; to ignore the subject may be fatal cowardice for the one as for the other. But if either comes to regard it as the natural food of the mind — if either forgets that we think of such things only in order to be able to think of something else — then what was undertaken for the sake of health has become itself a new and deadly disease."

Lewis's power to transform remains undiminished. Whether the subject is the death penalty, the atomic bomb, marriage, morals, power, or the objective existence of God, he wrote with a clarity that is gourmet fare compared to much of the junk-food writing of today.

As the English professor John Lawlor wrote of Lewis, "It is as certain as these things can be that we shall not see another like him."

— Syndicated columnist Cal Thomas.

LETTERS TO THE EDITOR

Jenninger's 'Vile' Speech

In response to the report "Speaker Quits Over Kristallnacht Speech" (Nov. 12): Philipp Jenninger's speech in the Bundestag during the commemoration of the Kristallnacht was vile, nothing less. We are tired of being hounded for their Nazi past and the Holocaust. Mr. Jenninger's speech seems to show that too many Germans still have not examined their souls deeply enough. They and the rest of the world must never forget this blackest of moments.

FORBES PERKINS, Milan.

Irony From the Deputies

Regarding the report "Lawmakers in Italy Cast Off the Secret Vote" (Oct. 14): The article on the Italian Chamber of Deputies casting off the secret vote was well-balanced and informative. But the deputies shown in the accompanying picture as applauding the result are Communists, at the extreme left of the chamber. Why did they applaud? They were pointing ironically to the fact that the majority had won by a mere seven votes, not the expected 63. A little more explanation of the complexities of Italian politics would have been helpful.

STEFANO RIZZO, Parliamentary Information Service, Rome.

A Kenyan Response

Regarding "Kenya Defender of the Law Tells of Prison Ordeal" (Nov. 17): We wish to correct a false impression given in the news story about the recent-

ly released detainee Gibson Kamau Kuria. The article was misleading in its title, portraying Mr. Kuria as a "defender of the law," and in its suggestion of a state of constitutional erosion in Kenya. Mr. Kuria has no legitimate claim to being a "defender of the law." It is with utmost arrogance that he has arrogated himself the responsibility to defend the law and the constitution, which in fact lies with the representatives of the people.

His claims of torture are unfounded. Kenya, as a lawful nation, does not torture its prisoners. Mr. Kuria's claims are explicitly aimed at attracting international attention. The fact that he was able to make these unfounded claims attests to the freedom of expression prevailing in Kenya. In the context in which the Kenyan system operates, human rights are fully respected.

It is further surprising that Mr. Kuria, himself a lawyer, forgets that a passport is an official document and that any government has the right to withdraw or refuse to grant one, whether for him or for members of his family.

Kenya is proud of its reputation as an economically strong and politically stable country. We can only regret that Mr. Kuria, a beneficiary of the Kenyan system, has chosen to subvert it.

ROSA ONGESO, Embassy of Kenya, Paris.

One Nation, Indivisible . . .

Regarding "Socialist Wrote Pledge" (The Hustings, Oct. 19): The Reverend Francis Bellamy, vice president of the Society of Christian Socialists and the generally accepted author of the Pledge of Allegiance, is, of course, not responsible for the words "under

Rapids in the Congress

I agree with Cal Thomas's Oct. 19 comment: George Bush must "rechart the river." Thatcher-style. But can he do it without the benefit of a parliamentary form of government? When Prime Minister Thatcher said, "We are a successful party leading a successful nation," she was addressing her party, which controls Parliament.

JAMES R. PHILLIPS, London.

On Bush's 'Mandate'

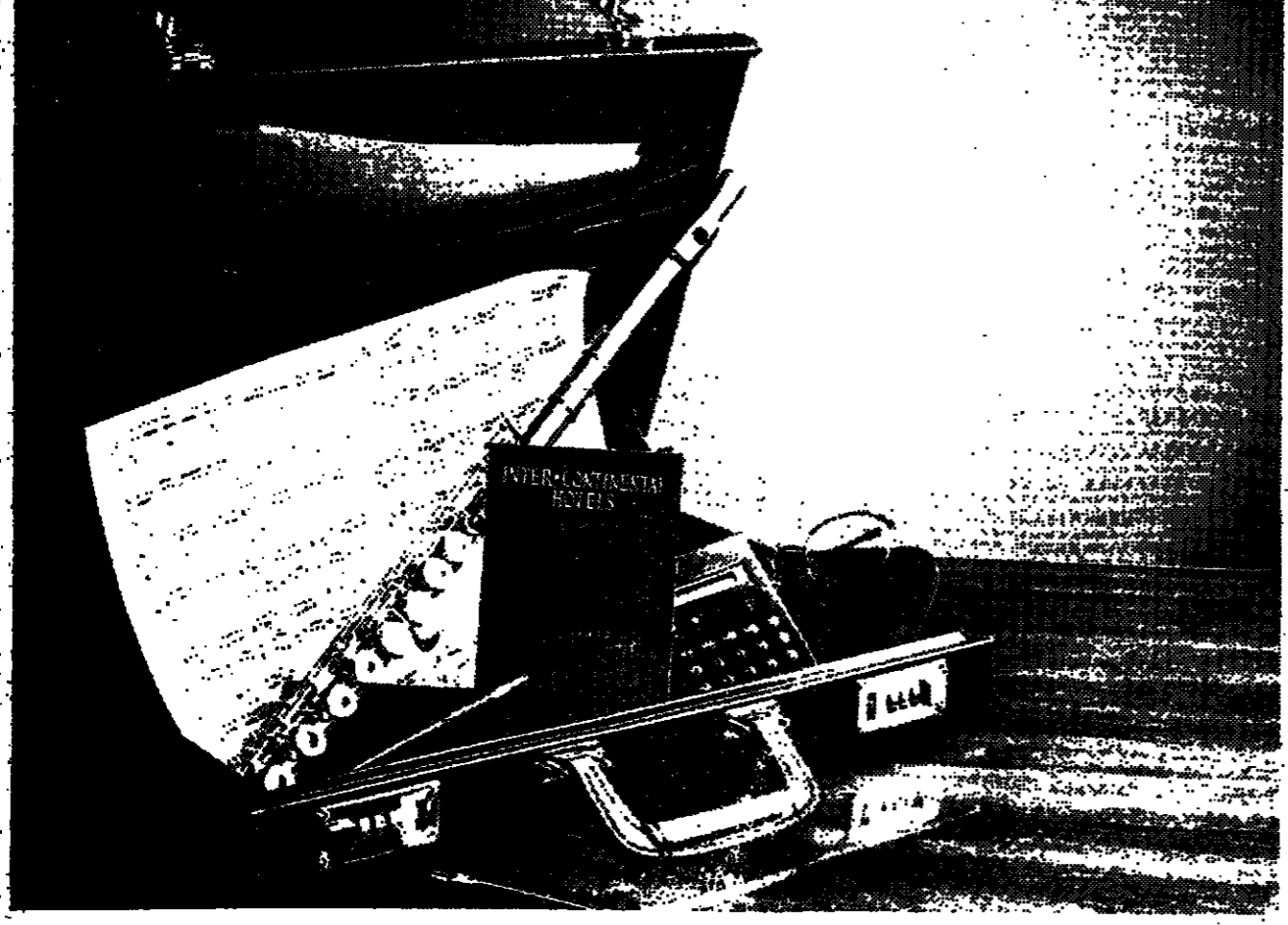
In the aftermath of the U.S. election, Republican Party officials were talking of the mandate given to President-elect George Bush to follow Ronald Reagan's policies. But only 26 percent of eligible voters cast ballots for Mr. Bush.

His only mandate is to rise from the mediocrity that characterized his campaign and his vice presidency, and show courage and conviction in his leadership of the country.

ROGER RATNER, Coppet, Switzerland.

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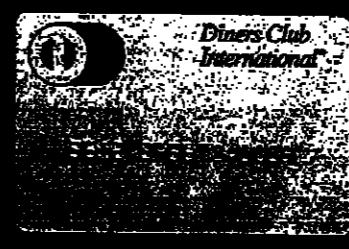
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ARTS / LEISURE

Bringing Back Monk

By Mike Zwern
International Herald Tribune
PARIS — Thelonious Sphere Monk was born in Rocky Mount, North Carolina, in either 1917 or 1920, depending on your source. It's his real name. Miles Davis once said anybody with a name like that did not have to do anything else to make it. Monk, however, lived up to his name.

The current Monk revival can be traced back to Bertrand Tavernier's film "Round Midnight," which took its title from and featured Monk's most famous song, Riverside Records' reissue package of 15 compact discs won two Grammys this year and Peter Keenleyside, son of Orin, Riverside's founder, is working on a Monk biography. Yves Rulin's French biography of the composer and pianist who was once named the high priest of bebop, was published this month (Collection Birdland). A documentary about his life named for another Monk tune, "Straight, No Chaser" (Clint Eastwood, executive producer), will have its premiere at the London Film Festival Nov. 26, and a new British jazz magazine has given itself the same name.

He grew up on West 63d Street, in what was then a slum called San Juan Hill and is now a piece of choice real estate near Lincoln Center. As a teen-ager Monk listened to the master stride pianist James P. Johnson, who lived in the neighborhood. Ernie Blake's musical "Shuffle Along" opened in a San Juan Hill theater. After touring as a pianist with a gospel group at the age of 17, Monk was hired by the veteran saxophone star Coleman Hawkins for his first record date ("On the Beach").

my ideas." It should be mentioned by the time of this interview (1963). Monk was beginning to show symptoms of the schizophrenia that would lead to ever weirder behavior and sudden, final, unexplained retirement in 1975. He died of a cerebral hemorrhage in 1982. (He was not a drug addict.)

Appearing on the cover of Time magazine in the early 1960s broke him into the mainstream. Time's first choice had been Miles Davis but Davis, then no superstar, asked for a \$10,000 fee. When his press agent tried to convince him of the importance of a Time cover ("You should pay them \$10,000"), Davis told him just what Time could do with its cover—which is one reason he has become a legend in his own time—and the cover went to Monk.

During an extended engagement at the Five Spot Cafe, he hired an interesting young bebop tenor named John Coltrane, who, it can be argued, rose to Giant status under Monk's tutelage (though Miles Davis generally gets the credit). They both wore suits and ties to work, even though a beer cost only a dollar, there was no cover charge and the joint was on the Bowery.

Strolling is the art of not composing (accompanying)—knowing when not to play (laying out) and where to start again. "You can get a totally different sound and construction by forcing the soloist to rely on only bass and drums," Monk explained to an interviewer. He was always omitting the obvi-

ous, striking four- or five-note chords and leaving plenty of space between them. (His voicing makes you think of Erik Satie.) Most jazz pianists use 10 fingers just because they are there—and they are afraid straining may imply lack of ideas. Monk danced while strolling, twirled around the bandstand ("If anybody else did this they'd put him in a straitjacket," he once remarked). Watching Monk twirl while strolling in the Five Spot, one marveled at how he could transmit so much energy to Coltrane, who was soloing with his eyes closed.

Sonny Rollins called Monk his "guru." One of the secrets he learned was humor, an all too rare element in jazz. When Monk banged out a two-octave all-black-note "chord" with his forearm or suddenly broke into some authentic old-time stride left hand amidst the bebop (he comes in a direct line from Jelly Roll Morton and Duke Ellington), he was putting on both past and present. Those who didn't smile called him "weird."

During Monk's debut on network television, the producers seated Count Basie by the piano. Basie was filmed smiling with apparent approval of Monk's unorthodox technique. In the Eastwood film, Monk's manager, Harry Colomy, tells what followed: "He said that Basie kept looking at him while he was playing. . . . That somehow bothered Monk. And he said, 'You know, the next time he plays I am going to look at him.'"



Monk: "I always knew that most of the ideas were my own."

Shaffer Makes a Case For Rethinking a Hit

By Sheridan Morley
International Herald Tribune
LONDON — More has changed at the Globe Theatre than just the casting of Peter Shaffer's "Letting It Go" as Maggie Smith and Margaret Tyacke move with it onto Broadway, leaving Geraldine McEwan and Sara Kestelman to head the London cast. The play itself has been rethought considerably, so that we now get a third act in which the leading players, instead of setting off with a cannon to demolish the most appalling examples of modern City architecture, a plan that would doubtless meet with the royal assent of Prince Charles himself, are merely content to organize guided tours of the 50 worst eyesores in London.

Whether Shaffer, whose play has just won Comedy of the Year in the Standard awards, reckons that now that Prince Charles has rallied to the cause of conservative architecture he can afford to modify his rage against it, or whether he just fancied a new third act is unclear, but there is a lot to be said for playwrights rethinking long-running hits: If only Agatha Christie were still alive to do something about her appalling "Mousetrap" after 36 years and 15,000 performances.

Kestelman are also a very different partnership from the original Smith-Tyacke odd couple. Both are gentler in their eccentricities, more inclined to meet on common ground earlier in an evening than it still all about the nature of heritage, and the need to reassert the supremacy of a romantic historical past over a latter-day urban and spiritual blight.

Despite its endurance and award, "Letting It Go" is still some way from being vintage

THE LONDON STAGE

Shaffer, but it does contain a comic variant on the argument that ran through his "Amadeus," "Equus" and "Royal Hunt of the Sun" about the alignment of apparent cerebral and spiritual opposites, and Michael Blakemore's production remains immensely adroit.

Talking of "The Mousetrap," there is still a dearth of decent London stage thrillers, though addicts of the genre might like to note that a new Francis Durbridge has crept almost unnoticed into the Whitehall. "A Touch of Danger" is again nonvintage, but we are safely within the limits of the usual Durbridge territory: upper middle-class ladies and gentlemen having nasty and violent things done to them within the confines of their own Home Counties.

What makes Durbridge remarkable is the way he constantly reworks his own narrow plot of mobbery with violence: No thriller-writer outside of Agatha Christie and Edgar Wallace has ever had more West End hits, but his do not depend on a special dexterity with dialogue or character. His radio and television background, starting from the late 1930s, still causes him to write in short sharp episodes of about 20 minutes, at the end of each of which it is a sure bet that somebody either gets shot, or discovered in the wrong room, or at the very least in the wrong photograph.

Durbridge's people seldom remove their jackets or ties, and seem to have remarkably little interest in the complexities of Cold War espionage or the intellectual power games played on audiences by the likes of Tony Shaffer or Ira Levin.

If they are found dead it is usually at desks or on sofas, and by policemen who are almost certainly not what they seem; guns are almost always kept in briefcases until

the last possible moment, and villains can usually be detected by a nasty habit of wearing shirts without ties, or working as golf professionals. But Durbridge plays by the book: There are no sudden or unguessable twists, clues are neatly laid in Act 1 to be harvested in Act 2, and though there may be references to foreign habits like poisoned Bulgarian umbrellas, the implication is that no properly educated Englishman would lean on something like that, even for murder.

Out at the admirable Orange Tree in Richmond, Sam Walters offers a belated English premiere to Israel Horowitz's "Line," which has been running for something like 14 years off-Broadway, and another dozen or so in France. Quite how hard to fathom, unless we now spend so much of our lives waiting in lines that we wish to know more about their psychology.

Horowitz sets up five readily identifiable stock characters in "Line," and then puts them through a series of physical and psychological power games in order to establish, over 80 non-interval minutes, who deserves to be at the head of the queue. But despite an able production from James Hammerstein (who directed the New York original), it is difficult to care deeply about a play that seems rooted in the long-lost '60s of "Zoo Story" and "Lonesome," let alone about one-dimensional characters engaged in territorial bickering as they line up for what we know not what. Maybe the chance to meet a better playwright.

In one performance only, at the Playhouse on Sunday for an AIDS charity benefit, Michael Feinstein brought to London the solo show that has recently been selling out on Broadway, and which he promises to bring back to London for a season next summer. On the Playhouse evidence, it will be one of the triumphs of 1989 in the West End: Feinstein still knows a fine way to treat a Steinway, but his piano act has changed and strengthened drastically since he set out a decade ago as the archivist of Ira Gershwin with a repertoire largely devoted to him. We now get not only the Gershwins but Coward and Berlin and Porter and Southam across a two-hour evening of immense assurance and charm in sheer celebration of show music through the ages.

U.S. Film Studios Go After Markets Lost to Piracy

By Andrea Adelson
New York Times Service
LOS ANGELES — Some makers of American movies and television programs are taking on unusual roles in an effort to reclaim foreign markets lost to piracy.

In South Korea, one studio is trying to reduce piracy by encouraging local filmmakers to press for stricter copyright enforcement; in return, the studio is offering the local film industry financial backing for new theaters.

In the Soviet Union, an American studio is whetting consumers' appetite for American entertainment by holding film festivals, as it urges the Soviet government to extend copyright protection.

In Japan, American studio executives have been assigned to seek out and investigate illegal copies of films and videos.

The studios' moves arise from the fact that government intervention in piracy in those nations and others has had limited success.

Even as domestic producers of films and videos are increasingly relying on revenue from foreign business, an estimated 66 countries lack adequate protection for "intellectual property," which includes films, video cassettes, television shows and products based on film characters.

The Motion Picture Association of America estimates that its members, the nine biggest studios, are losing \$1.2 billion a year to foreign pirates.

"The most precious possession we have is copyright," said Jack Valenti, president of the association. "If we can't protect what we own, we don't own anything."

The American producers, who had \$2.7 billion in foreign billings last year, create one of the few exports that run a consistent surplus.

In an era of record trade deficits, Hollywood's battle to protect its products and profits abroad has gained allies in Washington. Copyright standardization will be on the agenda at a meeting next month of the General Agreement on Tariffs and Trade, the Geneva-based organization that polices global trade.

Since 1985, U.S. officials have successfully pressed many foreign nations to adopt new or tougher laws on illicit copying, sometimes under threat of trade sanctions. But some

countries resist granting copyright protections because it would be a blow to local filmmaking. Even when protections are granted, success is not guaranteed. A showing of the American film "Fatal Attraction" in Seoul was sabotaged when snakes were released among viewers.

Faced with such resistance in South Korea, MCA Inc., parent of Universal Pictures, is pursuing an innovative approach. To curtail video piracy, as well as lessen the reluctance to distribute American movies, MCA is turning to Korean filmmakers for help.

South Korea is becoming one of Asia's wealthiest markets, yet more than 11 million Seoul residents are served by only 34 theaters. MCA has therefore set up an office in Seoul to look for theater outlets. By providing financing for more theaters, and creating more sites for Korean productions, MCA hopes to give local competitors an incentive to combat unlicensed copying.

Film and television executives say they are winning back some stolen markets, particularly in Europe. Television and film producers in Britain, Spain and West Germany helped secure revisions in copyright laws

when their interests were threatened by pirates.

However, recently adopted bilateral agreements in South Korea and Taiwan are being undermined by a lack of enforcement. And the vast audience potential of China and the Soviet Union remains virtually untapped, at least partly because of a lack of copyright safeguards.

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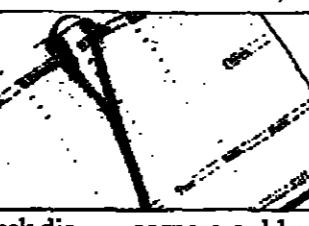


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ITALY

New Economic Challenges



Public Sector: Deficit Cuts And Fiscal Inequities

Ciriaco de Mita, the Italian Christian Democrat party's prime minister, and his Socialist treasury minister, Giuliano Amato, can congratulate themselves if, for once, they get Parliament to approve the annual finance bill on schedule by the end of the year. It is an important bill, designed to cut the budget deficit by 30 trillion lire (\$23 billion).

With luck the government will avoid this past year's experience when the bill only became law in March and the year started under temporary financing stringencies. Nevertheless, the deficit will still represent 10.2 percent of gross domestic product, and Italy will remain the most spendthrift of major Western industrialized nations.

No bold reforming design lies behind the bill. It would in any case be difficult to get approval for any radical measures in a five-party cab-

inet that also includes Republicans, Social Democrats and Liberals. Rather, the government has been pinching and scraping to produce a cheeseparing hodgepodge of 13 ancillary bills wrapped around the main finance bill.

Among the more important measures, expenditures on social welfare and health services are being trimmed. Tinkering with direct and indirect taxes will bring certain mi-

See Public Sector page 13

ECONOMIC indicators show inflation and growth at acceptable levels, yet Italy, whose public debt recently topped 1,000 trillion lire, is faced with difficult decisions as 1992 approaches. With the unified European market presenting a greater challenge to the state than to private industry, Italy is looking to streamline its public sector, reduce the budget deficit and find solutions to the fiscal inequities that have provoked recent protests. The private sector is being restructured as well to make Italian industries more competitive in the global marketplace. The spirit of change has promoted a wave of widely publicized mergers and acquisitions, and has stimulated new ideas for exploiting Italy's best-known assets: its rich cultural heritage, its reputation for offering visitors *la dolce vita*, and its expertise in fashion design.



Private Sector Battles the Odds at Home and Abroad

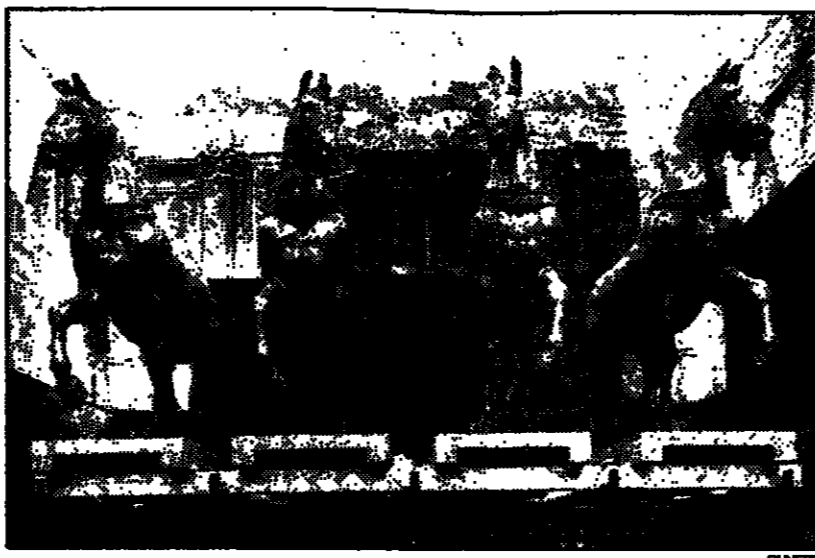
Italian business people are fond of saying that their 1992 has already arrived. Indeed a newspaper and television advertising campaign by a new merchant bank proudly declares it. It is true that Italy's private sector has had plenty of practice in battling against the odds, albeit with an adversary slightly closer to home: Italy's horrifyingly inefficient state sector.

"The state sector has been the most important factor of all in undermining the success of the private sector," explains Carlo Patrucco, vice president at Confindustria, the Italian employers' federation, "and for two very different reasons: both because of the budget deficit, which has driven up the rate of interest, and because of the terrible mess of public administration. How can Italy maintain its competitiveness on such terms?"

Nevertheless, with the driving force of the private sector behind it,

the Italian economy is one of the fastest growing in Europe, with most estimates forecasting that its 3.5 percent GDP will hold up till 1990 at least. Industrial output has risen on average by 5.5 percent over 1988, and is forecast to level off at around 3 percent. An investment boom has left Italy with one of the newest capital stocks in Europe. Notes Mr. Patrucco: "Over the past year, private industry has invested a lot of money in new plants and

See Private Sector page 11



Union-organized demonstration in Rome against unfair tax practices (November 12, 1988) (left). "The Horses of San Marco," restored and presented as a touring exhibit by Olivetti (above). From the open market to the integrated market: business on the move (right).

Girding up for 1992: Mergers and Acquisitions

While names like De Benedetti, Gardini, Pirelli and Generali make international news with their forays, the so-called merger mania has also spread to second-tier, domestic firms eager to achieve a strategic niche as the European Community approaches the integrated market of 1992.

A recent study by the Bologna-based Nomisma research firm shows that 44 percent of the 1,355 takeovers involving Italian companies between 1983 and the first half of 1988 took place during the last 18 months. In the same period foreign acquisitions by Italian firms jumped from 7.4 percent to 13.3 percent of the total. "Most of the individual takeovers occurred in the same sector, and thus were linked to industrial rather than financial motives," notes Giuseppina Gaultieri, who directed the study.

This burst of activity is a result of the Italian economy's turnaround during the 1980s. Today, the country boasts a gross national product on a par with that of the United Kingdom, its inflation rate has dropped to 5 percent from a whopping 20 percent in 1980, and its financial markets have gained a considerable degree of sophistication, while the process of industrial consolidation has emerged as a top priority.

One year ago Ferruzzi president Raul Gardini created Italy's second largest private-sector conglomerate with his takeover of chemical concern Montedison SpA. Now, as part of an ambitious restructuring plan, Mr. Gardini has agreed to merge several Montedison units with state-controlled Enichem SpA. The joint venture, dubbed Enimont, will be closely watched as a test case for possible future collaborations between private and public companies in the telecommunications, food and energy areas.

The Italian government's relaxation of capital movement rules has further stimulated the flow of foreign investment into the country. Schroder banking group, for example, recently launched a L100 million (\$77,000) closed-end capital venture fund aimed primarily at expansion-minded, mid-sized Italian companies. "There's been a change in cultural attitude," notes Paolo Colonna, a partner of Schroder Associati. "In the 1970s companies were involved in internal restructuring. Now they're looking for ways to improve their market share, including cross-border acquisitions."

A series of bold but not always successful transnational takeovers this year reflects Italian companies' new spirit of aggressiveness. Tiremaker Pirelli SpA acquired Armstrong Tire Co. following its failed bid for the larger Firestone Tire & Rubber Co. and Banca Commerciale Italiana SpA



Milan headquarters of the Ferruzzi Group and Montedison.

withdrew its friendly offer for Irving Bank Corporation only after an adverse ruling by the Federal Reserve board effectively undermined its position.

In what was perhaps the most daring Italian-led raid to date, Carlo de Benedetti sought control of Société Générale de Belgique but was defeated by a patchwork alliance of some of Europe's most powerful industrial and financial groups. And earlier this month a similar sort of coalition formed to block a public offer by Mr. de Bene-

See Mergers page 12

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Airlines: Coming to Terms With the Treaty of Rome

Despite its position in the top ten aviation nations in terms of market and airline size, Italy is in the heart of the conservative camp when it comes to implementing the 1992 air transport market. It clings to traditional bilateral controls on entry, capacity and price, accepts only the most gradual EC air service liberalization; and shields its markets and its airline from the most chilling impact of competition.

With major European traffic flows from similarly inclined Germany, France and Spain and with much of the liberal United Kingdom traffic traveling on charters, this strategy has been relatively successful until the most recent EC package was introduced last December.

Italy shares the common concern of Southern European countries that the lower-cost carriers from the North will undercut prices and that quality service operators will sweep up the passengers — particularly on long-haul intercontinental flights to the United States and lucrative Pacific markets. There are also more specific Italian worries about the impact of liberalization, such as the potential effect of European competition on the already troubled labor scene, where airline, airport and air

At first sight, aviation appears to have missed the great Italian enterprise boom of the 1980s. While other industries have been setting their sights on expansion into Europe and beyond, bringing with them a sense of flair, excitement and keen competitiveness, air transport seems to have been more focused on national consolidation.

traffic control strikes are a routine feature of operations.

Other potential problems are the impact of rapid traffic growth on the overcrowded airports — particularly at the terminal in Rome and on the runways in Milan, the two major hubs — and the consequences to the fragile security situation of dismantling European borders.

Alitalia, the state airline, dominates Italian domestic and international air transport. Carrying almost 15 million passengers per year, it is the tenth largest airline in the world and claims in its advertising to be the third largest in Europe in terms of passengers and fleet. The government owns 67 percent of the shares with 33 percent in private hands. Through its subsidiary ATI, the company operates a comprehensive domestic network. Alisarda, a privately owned domestic carrier

based in Sardinia, is Italy's only other airline of substance.

Alitalia has not been noted for its enthusiasm for competition, preferring the more comfortable world of bilaterally divided markets, regulated capacity and IATA-agreed prices. In recent years, however, it has been quietly preparing for the challenge of liberal European and global markets.

The airline balance sheet has been brought into the black in the '80s after a decade of catastrophic losses. This has been achieved through tough cost control, together with judicious aircraft acquisition and sale. Several small affiliates have been grouped into a single subsidiary to streamline domestic operations, and a targeted regional airline expansion program has been undertaken to ward off competitors in this expanding market sector. One of the boldest moves was to

take a shareholding and management responsibility in the chronically loss-making Aeroporti di Roma, turning it into a profitable venture.

The key sign of a new realism is steps which have been taken to prepare for the advent of airline multinationals in the global markets of the 90s. The partnership stake in Galileo, one of the two European Supercomputer Reservations consortia, and a share in United Airlines COVIA system will give worldwide distribution channels and earn good revenues.

A special marketing agreement with United will increase access to the world's largest travel market. A bid along with Swissair for an interest in Aerolineas Argentinas makes good commercial sense given the high yields on South Atlantic routes and the fact that 40 percent of Argentine's foreign travel is to Italy.

Despite these measures, public confidence in Alitalia has remained low and dissatisfaction with in-flight and ground service has intensified in recent months. In an effort to force more rapid change and to respond to a mounting tide of political criticism, the state holding company IRI replaced Alitalia's chairman of the past decade, Umberto Nordio, with Carlo Verri, known as a people motivator.



Alitalia carries almost 15 million passengers per year.

Observers agree that the airline should accept the challenge of 1992 and press for open European air transport markets. This would include the requirement for Alisarda and other private Italian and European carriers to obtain new operating rights. A new participatory, innovative management culture focusing on customers and service as high priorities along with negotiation of new industrial accords would help restore public confidence in the airline's reliability.

Operations at Milan could be restructured to create a practical Southern European hub at Malpensa, and a shuttle service between Rome and Milan, responding to public demand and making sound

commercial sense, could be instituted. Facilities and the service at Rome's Fiumicino airport need to be improved and financial gains of the recent past must be consolidated if fleet improvement is to be realized.

Cooperative arrangements with other airlines are also possible. Any of the airlines involved in Galileo — British Airways, Swissair, KLM and United — are likely partners, strengthening the base in key European and United States markets and providing a platform for similar negotiations with a Pacific carrier. Despite first impressions, there is a potentially bright expansionary future for aviation in Italy.

Geoffrey Lipman

The Banking Sector: Profitable but Problematic

In a moment of optimism and economic growth, Italian bankers and monetary authorities are preparing for January 1, 1993, when a single market for financial services will open in the EC countries.

In the pre-dawn of European integration, Italy's banking system presents both important strengths and serious weaknesses. According to a recent Bank of Italy study, the average Italian bank is better capitalized and more profitable than those in most other EC countries, but the panorama is spotted with what supervisors call "pockets of inefficiency." The euphemism is used to describe both *problem banks* — some are severely undercapitalized and have portfolios that are riddled with bad debts — and *problem areas* that are common to the majority of Italy's financial institutions: overstaffing is the rule, and despite massive investments in technology, pro-

ductivity has actually declined over the last ten years.

One factor that will be of critical importance is the relatively small size of Italian banks in comparison with those of other EC countries. To address the problem, the central bank has been encouraging mergers and acquisitions; the Treasury, for its part, has proposed tax breaks for merged banks. A process of "partial privatization" is also underway to enable the state-controlled banks — which predominate — to fund their expansion through the stock market. Italian businessmen are taking advantage of the opportunity to propose their own solution: a law that would allow industrialists to

purchase controlling stakes in banks.

There are no appreciable differences in the performance of public and private banks in Italy. "Public banks in Italy are run along the same lines as private businesses," comments Sergio Siglienti, managing director of Banca Commerciale Italiana, one of the country's largest public institutions.

But to achieve the economies of scale necessary to thrive in an EC-wide market, the Italians will probably have to join forces with foreign partners, some of whom may be reluctant to forge equity links with public banks. "The strategic options for the larger Italian banks will include joint stock participations in other EC institutions," explains Stefano Meloni, managing director of Eptaconsors, a leading merchant bank owned by seven Italian savings institutions. He adds, "Unless the state is willing to give up its majority position, I anticipate some foreign banks would hesitate before entering into ventures of this type."

The creation of the single market will be the result of two processes: the liberalization of capital flows

and the application of the principles of freedom of establishment and cross-border provision of banking services on the basis of mutual recognition and home country prudential rules.

"A move to create extensive retail branch networks is unlikely because the costs and risks involved in that kind of strategy are too high in comparison with the potential benefits," comments Zefferino Franco, chief executive officer of Istituto Bancario San Paolo di Torino, one of the most innovative of the major Italian banks.

"There's been misdirected emphasis on 1992 'opening' the market," says Stefano Preda, banking and finance professor at the University of Naples. "The market has certainly not been closed up to now. It's true that foreign banks need approval to establish branches, but as far as I know the central bank has never denied permission to a major operator from the EC countries, Japan or the United States. Everyone who wanted to come has already done so. What's more, many of them — like Chemical Bank and Wells Fargo — have already left."

The motives that have driven a number of foreign banks to abandon Italy are complex, and it is not clear whether the freedom to branch freely or to offer new products under a regime of home-country control would offset their problems.

Mr. Preda, also chairman of the board of directors of Cititrust, Citicorp's trust management subsidiary in Italy, believes that the most promising area for foreign operators after integration will be "private banking" services for wealthy clients. Mr. Franco of SanPaolo thinks Italian institutions would do well to hone their skills in sophisticated services for business clients, such as cash management, multicurrency treasury management and international funds transfers.

The lifting of foreign exchange controls has produced no significant outflow of funds, partly because high domestic interest rates have served to attract foreign capital: Italy has registered a net capital inflow of ten trillion lire (about \$ 7.7 billion) since January 1, 1988, when residents were first allowed to invest in foreign securities without making a 15 percent deposit to a

non-interest bearing account with the Bank of Italy. The lira should remain strong if the three-point differential between inflation rates in Italy and other European Monetary System countries does not widen and the balance of trade can be kept in line. Leashing in the public deficit is another priority.

To meet the challenges of the unified market, Italian bankers underline the necessity for further deregulation of the credit system to bring it more into line with the laws in other EC countries. "What's needed is a gradual liberalization process, so that Italian banks, which are subject to tighter regulations than their EC counterparts, are not unduly penalized," says Mr. Franco of SanPaolo.

Mr. Siglienti of the Banca Commerciale sounds a warning note: "Home country control and mutual recognition are no substitute for the harmonization of national banking regulations. Imagine the confusion if banks from each of the 12 countries were operating in the other 11: we'd end up with a total of 132 different bilateral accords."

Lisa Rosenthal

IMI

CORPORATE FINANCE ASSET MANAGEMENT INVESTMENT BANKING

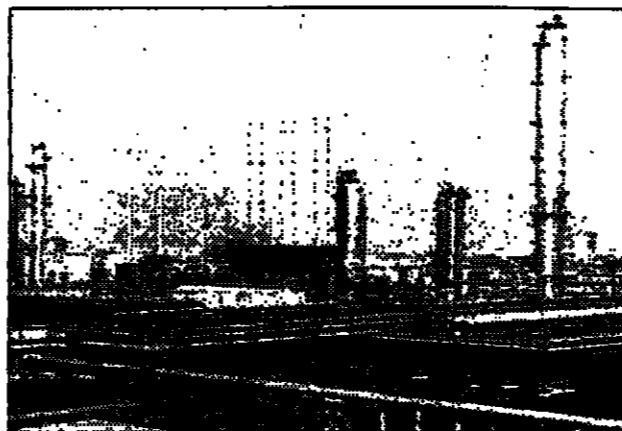
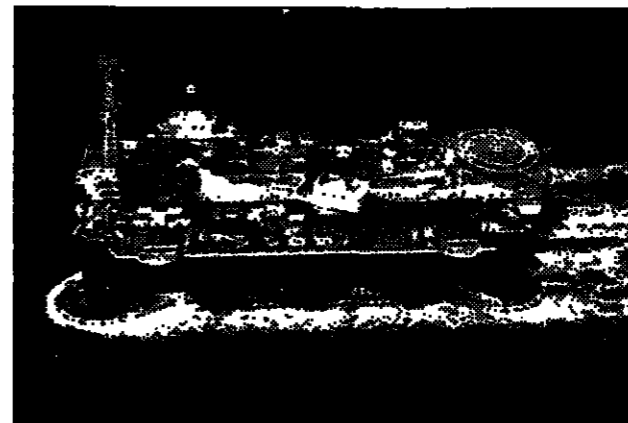
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Business Masters the Art Of Cultural Relations

Since the 15th century, when Florence's powerful Medici family patronized the arts, Italian organizations have recognized the value of sponsoring cultural projects. The practice is becoming more popular.

"The marketing benefits in terms of image are secondary. The major reason we do these projects is because it's the right thing to do," says a spokesperson for the Istituto Bancario San Paolo di Torino.

The "right thing to do" may also be good for the image in the long

run, and with discussion of parity products and the foreseen competition after 1992, image is now regarded as a determining factor in business growth.

Arts sponsorship is low-cost image promotion

run, and with discussion of parity products and the foreseen competition after 1992, image is now regarded as a determining factor in business growth.

The show "FIAT 1899-1989: An Italian Industrial Revolution," which opened November 22, 1988 at the Science Museum of London, is the latest in a series of collaborations between Italian companies and cultural institutions. Olivetti has been active in forging ties between business and the arts for 20 years; newcomers range from Alitalia (the national airline) to Asitalia (the insurance company).

Why the big interest in the arts by Italian corporations? Part of the answer lies in the cultural heritage of Italy. Art and beauty are everywhere, but so is pollution—and the consequent deterioration of much of that artistic heritage. It is estimated that up to 70 percent of the monuments need repair, and almost half the museums are closed except by special request. More art lies in warehouses than on display, and although \$1.4 billion was allocated for restoration in 1987, government bureaucracy drained one third of that amount.

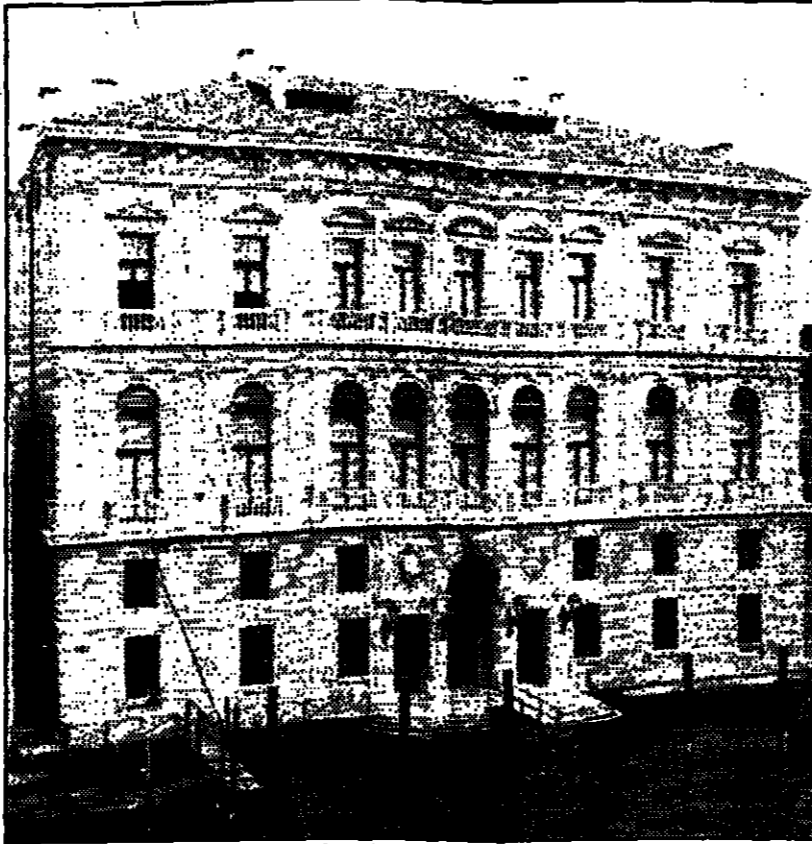
The private sector is moving in to cover the breach. They will spend about \$1 billion in cultural sponsorships in 1988, a figure increasing at about 10 percent a year. Italian savings banks are disproportionately represented, in part because they are required by law to devote a percentage of their earnings to public service activities. Because regional rather than national banks dominate in Italy, cultural investments are largely regional as well.

For example, the 500-year-old Monte dei Paschi di Siena is heavily involved in the cultural life of Siena, including restoration of its own historic headquarters in the city. It also supports the world-famous Palio horse-race in the city each year but, as a bank spokesperson explains, "We do not consider the Palio part of our program of cultural sponsorships. We believe in organizing and running our own events." Similarly, the Cassa di Risparmio di Firenze is sole sponsor of the renowned "Maggio Musicale," an international music festival held each May in Florence, and it has also undertaken restoration projects in Tuscany.

Until recently, public service projects underwritten by banks and companies were done a *pioggia* (like rain), in the words of one bank official. That is, they were sprinkled around with little overall direction or strategy. Today's increased competition and wider acceptance of marketing techniques have made banks more targeted in the activities they sponsor.

Philippo Zevi, who five years ago founded the Media Arts consulting group to help companies develop cultural events, says, "Communicating your image through culture has a special side benefit—it works for the public good in a way that traditional advertising does not. And it costs less. For about \$80,000, you can sponsor a quality museum show in a major Italian city, including advertising, a catalogue with your company's name on it and a reception with guests of your choosing. Can traditional advertising do the same?"

Ratti is Italy's leading producer of printed silk fabric and a world leader in the manufacture of natural textile fibers. But because Ratti does not sell directly to the consumer, its name was not widely known. In 1985, the company initiated a vigorous program of cultural sponsorship, the most recent example of which is "Ratti and Paisley," a show now touring the globe. After one year the company leapt from nowhere to fifth place in its category, in a widely read survey of corporate image in Italy. Emanuele Capialbi, Ratti's director of public relations,



Fiat's Venetian showcase for the arts, the Palazzo Grassi.

attributes the venerable company's new visibility to its cultural programs.

Another textile firm, Lineapiù, has the image advantage of being headquartered in Florence. Its participation in the arts is active and ongoing, with the guiding strategy that its textiles must relate to every activity it undertakes. These range from a water ballet on the Arno (swimmers wore suits made of Linapiù fibers) to a planned exhibit next year at the Pitti Palace in cooperation with another Florentine patron of the arts, Bijoux Cascio.

Fiat has an extensive advertising budget, but it also allocates an undisclosed amount of money for its considerable cultural undertakings. Nowhere is this more true than with its Venetian showcase, the Palazzo Grassi. Designed in 1740 by the Venetian architect Giorgio Massari, the structure was bought by Fiat in 1984. The company assembled a team of top-notch talent to restore the building to its former prominence, and has inaugurated high quality shows there. The most recent, "The Phoenicians," ended its six-month run this month and broke records for a museum exhibit in Italy, attracting 750,000 visitors.

Even more experienced at mounting record-shattering exhibits is Olivetti, which in 20 years has presented more major shows at world-class museums than any other

company its size, Italian or otherwise. One of its best-known projects, the exhibit "The Horses of San Marco," toured London, New York, Mexico City, Paris, Milan and Berlin between 1979 and 1982. At the Metropolitan Museum in New York, it drew 800,000 visitors in three months, the second-largest crowd ever for a show there.

Paolo Viti, Olivetti's director of cultural relations, explains: "Three things are important when talking about our involvement in the arts. First, we don't 'sponsor' shows. We create them from scratch. Second, we have been doing this a long time. We can supply organization, preparation of display materials, documentation by experts in the field. Third, in the delicate area of culture, money alone is not enough. Relationships with museums count a great deal. After all, we are working with museums, not competing with them."

For his company's long-standing involvement in the arts, Olivetti's president Carlo de Benedetti last year received the Hadrian Prize from the World Monument Fund. The award is given each year to an international figure who furthers the tradition of arts patronage. That an Italian was the recipient is not surprising: the descendants of the Medici are alive and well and living in Milan, Turin, Siena and Rome as well as Florence. **Claudia Ffisi**

Private Sector Battles

Continued from page 9

technology, and now it is poised to take advantage of that."

The boom is not restricted to investment goods; consumer demand has also been maintained at high levels. And inflation is another record for Italy to be proud of. From a high of 23.1 percent in 1985, Italy will enter the 1990s with a rate stabilized at around 5 percent.

But there is room for improvement. People without a job now account for some 12 percent of the Italian workforce. Unemployment has not tended to be a concern of the private sector, but industry has been more successful than the government in alleviating the problem. Marco Sylvani, economist for Banca Commerciale Italiana in Milan, says: "In the Mezzogiorno [Southern Italy], private rather than public sector interest has been responsible for the economic rejuvenation of places like Bari and L'Aquila. Fiat's plant in Avellino has had considerable multiplier effects in that area."

Mr. Patrucco adds: "There are two types of private sector in Italy. Those which have already been exposed to the winds of international competition need have no fear; those which have been protected by laws, such as the banking sector, are finding change much tougher." Dr. Bruno Lamborghini, vice president for corporate strategic planning and analysis at Olivetti, says: "Industrial companies or even nations unable to take part in this evolutionary process may rapidly find themselves pushed aside by those that can. In Italy the 1992 deadline should spur efforts to renew aging infrastructures."

The Italian government, which has a bad name because of the amount of time it takes to respond to Community initiatives, is trying to confound its critics. For instance, on October 1, there was a sweeping deregulation of the foreign exchange laws, which will all have to go by 1992, allowing, among other things, Italian residents to borrow foreign currency from their banks. Mr. Patrucco welcomes the general air of deregulation but is wary: "The authorities are now discussing a new anti-trust law. What we are afraid of is that it will herald a new era of re-regulation."

Banca d'Italia — Italy's central bank — publishes figures for the total amount of foreign investment in Italy and these show a substantial increase in the amount of money

coming into the country: 17 trillion lire in the first seven months of this year compared to 6 trillion for the whole period from 1981 to 1987.

The heyday of foreign investment on Milan's stock exchange was in 1985-86. Then, many overseas investors got their fingers burned on an archaic settlements system, and were not quick to come back. Piazza degli Affari has seen significant foreign interest over the past few weeks but prices still appear reasonable by international standards. Antonio Profico, in charge of foreign clients for Carlo F. Pastorino, a Milanese stockbroker, says: "The market has all the necessary ingredients for a re-rating."

While many brokers feel that the insurance sector is expensive, Mr. Profico is not so sure. He says: "It has almost peaked for this year, but is still quite attractive because of the bad shape of INPS, the state pension scheme, and the planned introduction of private pensions." Retailing and building supplies are other favored sectors.

Telecoms, which is trading with an average of 10 times earnings and 2.5 times cash flow, also has good prospects, with a complete overhaul of the Italian phone system in the offing. Much of this, however, the market has "already discounted," says Massimo Bandini, an analyst with the Milan brokers Studio Broschi. Mr. Bandini berates the limited size of the market: "The small number of stocks available on the exchange is a major problem." Indeed, insurer General alone accounts for over 13 percent of total market capitalization. For smaller Italian companies, thirsty for an injection of liquidity, the stock exchange has not proved to be a realistic option. But there is cause for hope. The introduction of open-ended investment funds — and at a later date, pension funds — should add much-needed liquidity and make it easier for smaller companies to be listed.

For those who would like to invest in Italy, perhaps for reasons of geographical diversification, and who want an easy way to buy into the market, the brokers Aletti have recently launched what they call the Aletti 25. This is a basket of stocks which have been chosen to track the market, and the closest thing to indexing that Italian law currently allows. The stocks account for 58 percent of market capitalization, and have outperformed the market since 1984.

Guy Fitzmorris

Selenia: an Italian reality in the electronic world

Italy is experiencing a boom in a field, which for the non specialist may be considered unexpected. Fashion, shoes, cars have long been the areas in which the Italian flair has been world famous. However, professional electronics has become one of the areas in which Italy has begun to play a major role. Italy was one of the first European countries to sell radars to the United States Forces: these sales came from Selenia in team with Sperry (now Unisys Corporation).

Selenia Eltag Group

Selenia is the leading company of RSE (Selenia Eltag Group), a complex of nine closely coordinated Italian industries, of the State owned IRI/STET holding, which operate in the field of large systems for professional electronics. Together the companies employ 13,000 people, 60% of which are graduate engineers or technicians.

The sphere of activity of the group ranges from defence systems and their related logistics to air traffic control; from computer aided design to integrated space systems; from factory and services automation to process control; from pollution control to biomedical electronics.

Air traffic control in 38 countries

Selenia was created in 1960 by the merger of two companies already operating in



The Air Traffic Control Center of Mazatlan (Mexico) realized by Selenia

radar and professional electronics. One of the shareholders was Raytheon and one of the biggest programs in which Selenia was involved at the beginning of its activity was the Hawk missile program.

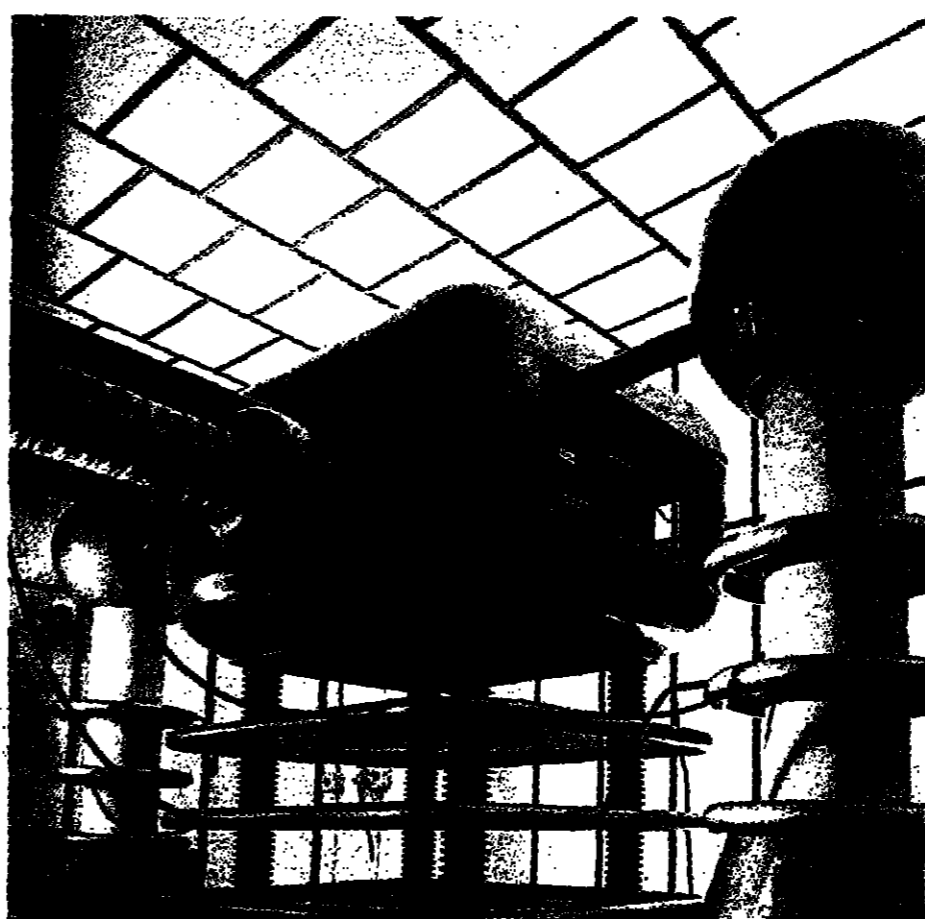
This invaluable experience enabled the company to rapidly develop its own technological base. Selenia has reached a particularly high level of technology in all the sectors

in which it operates. For example, it is one of the world's leader in the production of radar systems for air traffic control with installations situated in 38 countries across the globe.

In fact, during this year Qatar, Argentina, Finland, Australia, Ungeria, Colombia and Somalia ordered Selenia's ATC systems after a hard fought battle with all the main

international companies operating in the sector.

It is on the experience gained in air traffic control that Selenia has drawn in order to diversify into the related civilian sectors of maritime traffic control and meteorological radars, and to contribute to environmental protection with its agricultural meteorology systems and water and atmospheric pollution measuring systems.



High energy ion-implanter installed in a research laboratory of Selenia

The other Companies of the Group

Electronica San Giorgio-Eltag is in order of size the number two company of RSE.

The Company's activity is carried out in three sectors: services automation (including mail sorting), factory automation and naval defence.

The Company's presence in the world's markets is promi-

nent and at a high level: its products are currently in use in twenty five countries across the world, from Europe to Latin America, from the U.S.A. to the Middle and Far East.

In the United States, for example, Eltag has contributed to the automation of the postal system with its electronic address readers, machines which are able to automatically sort

correspondance. Over one hundred of these systems are presently in use in the American postal service.

RSE's other companies have likewise achieved worldwide recognition.

Since the 1960, Selenia Spazio, for example, has taken part in the most important Italian and international space programs, designing and constructing satellite and earth

station systems and subsystems for telecommunications, meteorological and earth observation applications.

Among other commitments, Selenia Spazio has taken part in most of the Intelsat satellite programs.

DEA is a world leader in the field of automatic measurement machines. The US aerospace and automobile industries are its most important customers.

Vitroselenia (civilian and military support infrastructures) Esacontrol (instrumentation and monitoring systems), Italcad (CAD for layouts and architectural applications), Esaote Biomedica (electronic systems for medical applications) and SELAF (an Eltag-IBM joint-venture operating in industrial automation) are to be counted in the technological front line.

The Selenia-Eltag Naval Systems Consortium

The Selenia-Eltag Naval Systems Consortium is the industrial unit through which Selenia and Eltag compete on the world's naval defence market. Both already well-known in the naval defence sector, this union has enabled them to further consolidate their presence worldwide.

Selenia-Eltag products include radar and optronic systems for surveillance and tracking, command and control systems, fire control systems, rocket launching systems, electronic warfare systems, underwater systems and systems for coastal surveillance.

ADVERTISING SECTION

Research and Technology: Budget Priority for Industry

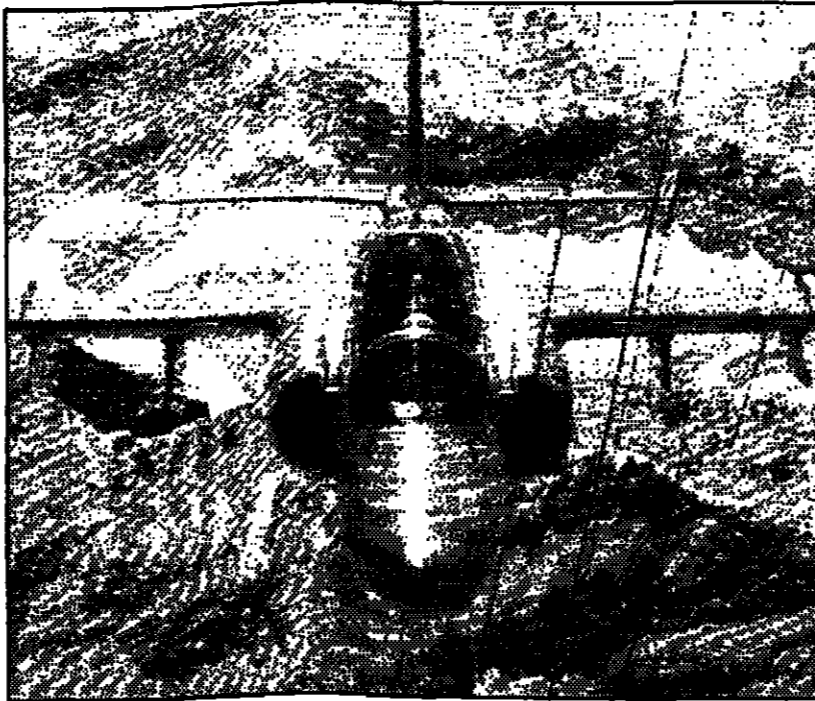
Research and technology have made a sudden and forceful entry into the Italian public and private sector spending program over the last few years. While government spending on research at 1.45 percent of GNP is still below the European average of 1.8 percent, almost the same amount is paid toward research and development by public and private sector industries.

One element fundamental to Italian research policy, particularly in areas like aerospace and military technology, is international collaboration. "It's a priority when it comes to space programs," explains Mario Bova, director of international programs in the Ministry of Scientific Research. "Italy's investments in space projects, both Italian and international, rose by 430 percent between 1981 and 1987 and Italy is now the third partner in the European Space Agency after France and Germany," Mr. Bova adds.

Principal among Italian participants in space projects is the Selenia Spazio Group, whose nine companies work on aerospace, defense systems, radar and air traffic control, telecommunication systems, services and industrial automation, process control and biomedical equipment. In 1987 Selenia spent some 250 billion lire (\$193 million) on research and development (about 17 percent of the group's annual turnover), with 2,300 of the group's 13,000 employees working in these areas. "It's obviously an important part of our activity," explains Raffaele Esposito, general manager of Selenia and director of

research for the entire Selenia group. He adds: "After all, we are national leaders in most of our products." He points to Selenia products used worldwide, such as the automatic mail sorting system and automated film reading systems used in 25 countries, or air traffic control systems — radar is a Selenia specialty — used in 38 countries, the latest contractors being Australia and Turkey. Selenia defense equipment has been sold to distant markets in India, Thailand and Korea.

Main contracts to date for Selenia Spazio, the only Italian company to be totally dedicated to space projects and development, include participation in the Olympus satellite (Europe's largest telecommunication satellite) built with British Aerospace. Selenia Spazio contributes the company's traditional expertise in this field, supplying the overall payload system and two TV communications channels. Italsat is an all-Italian telecommunication satellite, the first satellite to carry an on-board base band switching facility which turns it into a complete telephone exchange. The Data Relay Satellite (DRS)



Italy's Agusta group has long been a leader in international contracts.

is the telecommunication element of the European in-orbit infrastructure that provides continuous real-time links between the European orbiting elements and the relevant ground network. Selenia leads an international team as the prime contractor for the preparatory phase of DRS.

Italy's increased financing of aerospace research is new, but Italian expertise in this area is well established. Italian participation in multinational space programs usually pertains to structure, propulsion mechanisms and telecommunications. Whereas Selenia sees to the telecommunication and radar systems, it is Aeritalia, Italy's main aircraft building concern, and Sniab PD of the Fiat group that produce the bodywork mechanics and propulsion engines.

Aeritalia is producing an inter-communicating spacecraft for the European space lab Columbus, a major European space project in which Italy holds a 25 percent interest. For the recently completed Ariane 5 satellite, Sniab BPD produced the propulsion engine and Aeritalia the structural work. Aeritalia is also responsible for conceiving a tethered satellite attached to the United States space shuttle by a 100 kilometer (62.13 mile) Kevlar thread, Aeritalia being a leading manufacturer of carbon fiber composite materials. Aeritalia's research into composite materials as well as into artificial intelligence is being undertaken in collaboration with Enichem, the chemical sector of the state energy group ENI.

Italy's pioneering spirit in aeronautics, renowned in the 1930s, is

alive and well today in the form of modern aircraft and helicopter industries. The Agusta Group, Italy's main helicopter group, has long been a leader in international contracts. The Al29 Agusta helicopter has become the model for the multi-purpose combat helicopter, the Tonal, made by Agusta with Westland (United Kingdom), Fokker (Netherlands) and Casa (Spain).

Another Agusta group plane, the S-211 jet training fighter made by Siai Marchetti, the group's aircraft division, is a main contender for the European NATO Joint Pilot Training program. The EH101 is a joint Agusta Westland military helicopter of which three prototypes are being tested; 222 are destined for the British and Italian military market, while the Canadian and possibly American military are expected to place orders as well.

The EH101 has a Selenia navigation system consisting of two calculators and two sensor interface units. Selenia also dedicates 15 percent of the group's total research budget to innovative research regarding electro-optics, infrared and laser perception, software engineering and artificial intelligence.

Fiat has also been actively involved in research and development, with its most spectacular innovation being the new Tipo car, the first to be almost entirely made by robots. Robotics have become a Fiat specialty and the machine tool sector of the group, COMAU, now produces almost half the robots used in the most up-to-date Italian factories. The Fiat Tipo is produced in Cassino, Southern Italy, the first totally computer-integrated manufacturing (CIM) plant anywhere. Here 403 robots and 24 lasers are watched by 49 TV installations and 5 automatic control machines.

"Robotization is steadily changing the face of industry," says Vin-

cenzo Iorio, who is in charge of research programs at ENI. "Much of today's research can seem humdrum," Mr. Iorio says, "but the truth is that new systems and methods are essential to new products or new demand. Mechanical and electrical production methods are being taken over by electromagnetic and computerized methods which means a new kind of expertise."

ENI's research is part chemical, part energy-oriented with projects at present including the preparation, pipeline transportation and clean combustion of coal, the robotized monitoring of off-shore oil wells, a computerized method of evaluating geological and thermal makeup of potential oil fields, and the development and production of MTBE, the high octane additive for unleaded fuel.

Scientific research is also beginning to blossom with new ministerial encouragement. Early this year a government-sponsored Italian group of 120 scientists from universities and the National Council for Research went to the South Pole to study the diminishing ozone layer. Nuclear physics research is another peculiarly Italian area of expertise; Antonio Zichichi and Carlo Rubbia are both illustrious Italian scientists in the field.

Mr. Zichichi has opened up a huge nuclear physics laboratory in a singular underground setting: a tunnel under the Abruzzi mountains. Here, where the mountains have extremely low radioactive content, nuclear scientists study the earth's makeup to better understand the "big bang" theory. This cavernous lab will soon be hosting further experiments of "passive physics," or observation, with a view to studying, among other things, the seismic activity of Italy's turbulent underground.

Janet Stobart

Mergers and Acquisitions

Continued from page 9

detti's French auto-parts affiliate Valeo SA for car-seat manufacturer Epeda Bertrand Faure SA.

Meanwhile, Italy's largest insurance company, Assicurazioni Generali SpA, has assembled around a 16 percent shareholding in France's Compagnie du Midi. Trieste-based Generali just replenished its war chest with a L.1.1 trillion share issue and appears poised for further acquisitions around Europe. Many analysts think it is only a matter of

time before the fragile ad hoc alliance between Midi and fellow insurer Axa breaks down, allowing Generali to take a key management position in the French concern.

"Until recently Italian companies didn't realize how important it was to achieve critical mass. Now they are making up for lost time," comments Maurizio Musatti, a consultant with Booz-Allen & Hamilton in Milan.

While Italian firms have been busily seeking cross-border assets

and allies, their foreign counterparts have been equally active in Italy. Nestlé SA's L.1.34 trillion purchase of pasta maker Buitoni SpA from Mr. de Benedetti anticipated the recent flurry of high-priced acquisitions in the food sector, although Parmalat, Italy's largest milk producer, rejected what was rumored to be a hefty offer by Kraft. The consumer-goods, pharmaceuticals, and insurance sectors have also been commanding the interest of multinational buyers.

"This is the moment to sell," comments Giovanni Tamburi of investment bank Euromobiliare SpA. "These kinds of prices won't last forever," he adds.

Tender offers and leveraged buyouts are still relatively uncommon in Italy because the vast majority of companies remain in private hands or else are controlled by shareholding syndicates. Furthermore, the almost total absence of corporate bonds and an inherent suspicion of debt financing make management buyouts extremely rare. Of the two MBO's realized in 1988, one related to a disinvestment by a foreign multinational, while the other was carried out with the participation of a state-owned concern.

"Italian managers don't believe they can buy a company without having the cash in their pockets,"

according to one industry analyst.

Family buyouts, however, represent a promising field for M&A specialists. A recent example of this type of operation involved Fin Petriani SpA, a fourth-generation family holding company with interests in pasta, livestock and animal feed. "There were ten members of the Petriani family in management positions," recounts Dante Razzano, head of Citicorp's Italian M&A division which handled the operation. Adds Mr. Razzano, "Company sales were stalled because of the lack of a coherent long-term strategy."

Citicorp's original mandate was to find an outside buyer, but then the Petriani had a change of heart and

decided that they wanted to keep the company in the family. The solution was for one of them to buy out his relatives with a loan package put together by Citicorp that included an equity stake for the American bank.

Many analysts believe that mergers and acquisitions represent the quickest and most practical way for hundreds of Italian companies to grid up for 1992. With their substantial cash reserves, strong industrial base and a new breed of forward-looking managers, they are well-armed to strike at foreign targets.

"Suddenly," says Mr. Colonna of Schroder Associati, "it's become very fashionable to go abroad." Michael T. Kinnicut



AERITALIA: ITALIAN LEADER IN AIRSPACE INDUSTRY

Aeritalia, Società Aerospaziale Italiana di Gruppo IRI-Finmeccanica, was founded on November 12, 1989 and is the major national industry in this sector.

Aeritalia has its head offices in Naples and has a workforce of more than 16,000 employees distributed in 13 industrial complexes throughout northern and southern Italy who are divided into six operational groups.

The Transport Operational Group is located in Pomigliano D'Arco (Naples), and has additional factories in North Capodichino, South Capodichino, Casoria, and Foggia. Its principal activities include the development, planning, experiment of fuselage and tail units of the regional transport planes ATR 42 and ATR 72. The national programs at Pomigliano provide the planning and construction of the G 222, a multi-use transport turboprop plane employed for troop and material transport, paratroop launching, maritime patrol and radio calibration. The international programs are the design and production of the structural elements of the Boeing 767, the design and production of mobile surfaces in composite materials and the production of a complete series of fuselage panels for the McDonnell Douglas DC 9 Super 80 and MD 11, the design and production of rudders, drift and fuselage panels for the tanker KC 10 and the production of structural elements of the nacelle of the motor CFM 56. In addition, there are studies on the construction of the Aeolian generators AIT 02, AIT 03, AIT 04 used for the production of low cost energy. The Group oversees a development program for the production and testing of a McDonnell Douglas demonstrator which uses the propfan.

Alfa Romeo Avio, based in Pomigliano D'Arco, designs and manufactures aeronautical motors and their components. It is particularly specialized in the field of turbines and combustion chambers, and collaborates either as a licensee or as a partner with the principal engineering firms of the world.

The Overhaul Modification Maintenance and General Aviation Group has its factories in Naples, Venice and Torino Caselle and provides support for the aircraft constructed by Aeritalia and offers overhaul and maintenance modification for civil and military aircraft including the C-130, Boeing 707, DC 8 and DC 9, Fokker F27 and F 28, Learjet, Cessna, F-104, G 91 and Atlantic.

Partinavia, based in Casoria, designs and constructs the twin motor, seven seat P 68 and its derivative the eleven seat Viatore specifically designed for use as an air taxi, civil protection, patrol, coastal surveillance and environmental control.

In the Combat Aircraft Group, based in Torino's Corso Marche, Aeritalia is responsible for the design, wing construction and final assembly of the supersonic fighter Tornado under a trilateral collaboration program of Aeritalia, British Aerospace and MBB. For the products in the course of manufacture, the Group defines the plans for development of the Euro-fighter Aircraft (E.F.A.), the European program for the realization of an aircraft of air superiority in which Italy participates with Great Britain and the Federal Republic of Germany, and the wings of the Experimental Aircraft Program (E.A.P.), in collaboration with Great Britain. In addition, Aeritalia, as the main contractor, with the participation of Aermacchi and Embraer, develops the AM-X, the aircraft for tactical support.

The RPV and Systems Group, based in Torino Caselle, Nerviano (Milan), and Montefalco is responsible for research, development, production and integration of the airplane's electronics and the on board systems for navigation, surveillance and defense. In addition it produces the Mirach 70, piston engine vehicle and the Mirach 100, jet vehicle and the Mirach 20.

The Space Systems Group, based in Torino's Corso Marche, is responsible for the international programs in the European sphere with the European Space Agency (E.S.A.) and in the United States with N.A.S.A. The Group's national programs are developed in concert with the Ministry of Scientific Research and the National Advisory Committee for Research (C.N.R.).

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- MALTA**
Assicurazioni Generali - Agency
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- MEXICO**
Anglo Mexicano de Seguros
06170 México D.F.,
Calle Chicontepec 63
- THE NETHERLANDS**
N.V. Verzekeringsgroep
De Nederlanden van 1878
1015 BT Amsterdam, Herengracht 124-128
- PANAMA**
Assicurazioni Generali - Branch
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Assicurazioni Generali - Branch
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صكزامن الأصل

Sample of the Fashion World's New Global Design

What do Jean-Paul Gaultier, Martine Sitbon, Azzedine Alaïa, Christian Lacroix, John Galiano, Katharine Hamnett, Sybilla and other ascending fashion luminaries have in common? All are young, all push the limits of fashion design and all have some or all of their production based in Italy.

The Italians seem to be not only admired and copied worldwide for their fashionable lifestyle, but sought after for their inimitable production quality and flexibility in clothing, shoes and accessories.

It is not news that designers work in Italy. Established names like Yves St. Laurent, Christian Dior and Pierre Cardin have used Italian manufacturing for years. The new trend is the influx of young, spirited international designers: in last sea-

son's "Contemporary" fashion fair in Milan, devised to introduce new designers, 50 percent of those shown were non-Italian and 80 percent of those had Italian manufacturers.

Tino Cosma, president of the Italian Apparel Manufacturers Association (IAMA), says: "The Italian fashion industry is unique. It's made up of hundreds of flexible, small-to-medium-size companies that can give big and small designers alike a great selection of production possibilities to choose from." The association says Italian manufacturers are willing to take risks with young clients.

Adriana Gentile, owner of Blue-line in Northern Italy, explains why foreign designers are flocking to Italy for production: "Without question, Italian quality is a number one factor," she says. "But we also have a great selection of fabrics with *molto fantasia* (imagination) that can't be found anywhere else." Her company, whose exports reach 60 to 70 percent of its turnover, produces Bill Kaiserman, an American designer who lives and works in Italy; Piero Panchetti, an established Italian designer; and John Rocha, an emerging young Irish designer who works out of London. Mr. Rocha says: "The Italian manufacturers let you do your own thing. They don't try to tell you how to design: they respect your creativity."

"Fashion is becoming less and less regional."

Italian manufacturers try to satisfy demands of foreign talent while also promoting their compatriots. Genny Moda SpA produces its own Genny and Byblos labels and Christian Lacroix collections. Gibò produces its own Zucconi line as well as Jean-Paul Gaultier and Sybilla while Marchi e Valori produces the Gaultier Junior line. Gruppo Alma SpA produces Thierry Mugler, Lolita Lempicka, Martine Sitbon, and Junko Koshima; Ball-Collico produces Katharine Hamnett.

Italian exports in the sector are still growing, though not as quickly as a few years ago, and imports are growing at an even higher rate. IAMA reports that exports grew 1.6 percent in 1988 from 2.909 trillion lire (\$2 billion) in 1987 to 2.956 trillion in 1988. Imports grew 14.5 percent from 692.3 billion lire in 1987 to 792.7 billion in 1988. Major export markets for combined IAMA members are Germany at 26.5 percent, the United States 13.3 percent, France 12.7 percent, Switzerland 7.5 percent, the United Kingdom 6.3 percent, and Japan 4.9 percent. Sanja Lencek, head of Umberto Giocchetti's marketing office, says: "The USA is still our prime target market, even though the dollar has fallen in these last three years. America has always been difficult."

Spain is not yet on IAMA's export list, but Italian fashion houses see Spain as the new frontier, ripe for development and perfectly adapted to "Made in Italy" products. Each country creates its own medium-level consumer product industry, but higher priced goods are international and Italy will have its best opportunities in Spain with this sector.

Gianfranco Ferré's marketing director, Gianfranco Barbetti, says: "We're interested in Spain. The Spanish have a Mediterranean lifestyle similar to ours and they love nightlife even more. They like to eat out later, go to clubs, dress up and have status symbols."

The Salvatore Ferragamo company, maker of clothing, shoes, and



Italian fashion moves into new markets; above, an Armani suit.

accessories, is watching Spain "with a lot of attention." Ferragamo has recently opened a boutique in Barcelona and is establishing distribution in Madrid. A few companies, like Ermengildo Zegna, already have established themselves in Spain. Giorgio Armani is expanding there, with boutiques in Madrid and Barcelona and four Emporio Armani stores being established in major Spanish cities.

IAMA's Mr. Cosma says that since entering the EC, Spain has been loosening up its controls on imports. "The Spanish are becoming less obstructionist," he says. "There used to be high duty charges on goods, nightmarish red tape and quotas. But it's getting easier to get products on the market now."

Clearly, the fashion industry is building up for 1992. According to Mr. Cosma, "Fashion is becoming less and less regional. Probably, because of television, films and magazines, the limited market is gone. It's now the universal market with all the accompanying possibilities and challenges."

Janette Martin

Public Sector Deficit Cuts

Continued from page 9

nor benefits but will increase revenue. A rough and ready scale for assessing the presumed income of lower level self-employed workers is to be introduced, while a controversial feature would pardon former self-employed tax dodgers in return for payment of a certain sum. Value added tax is being increased.

Local authorities will receive less funds from the central government but will themselves be able to increase certain local taxes. Ceilings are set on future expenditures on state employees, thus ending a period of generosity. Subsidies are cut for public services, and also for opera houses and theaters. The government has given priority to getting the package approved on schedule.

The government's attitude was welcomed in a speech by Carlo Azeglio Ciampi, governor of the Bank of Italy, who said: "The intensity of its action undertaken against expenditure testifies to the government's will to pursue its planned objective."

During October and early November the opposition in Parliament dug in its heels and the package risked getting bogged down amid more than 600 amendments tabled in the Chamber of Deputies. Then, in mid-November, the Communist opposition agreed to contemplate a timetable, enabling most of the package to go through the Chamber and, subsequently, the Senate by the end of the year.

The government is less vulnerable to snap defeats than its predecessors since a recent reform limited the use of secret votes that provided a chance for coalition rebels to turn against their own party anonymously. The package has, however, undergone some modifications in Parliament and the price for the opposition's green light may be further concessions. The final target, nonetheless, should not be far from the government's objective of a 1989 budget deficit of 117.35 trillion lire. In July projections had indicated a likely deficit of 147.5 trillion lire, hence the urgency of the maneuver to drain some 30 trillion lire. The deficit results from government spending well above 400 trillion lire and revenues above 300 trillion lire.

The deficit is already uncomfortably high this year. Governor Carlo Azeglio Ciampi of the Bank of Italy says it will be more than 118 trillion lire, thus overshooting by some 15

trillion lire the target set a year earlier.

About 70 percent of the deficit goes on servicing the public debt, which in September reached the psychologically important level of 1,000 trillion lire. With lire interest rates in double figures, this is a serious problem, especially as much of the debt is short term. The Treasury has been trying to lengthen maturities on its securities, but without success. In fact, Mr. Ciampi points out, short term (up to 12 months) bonds represented nearly 50 percent of all treasury bond issues during this period, which was more than double their share for the same period of 1987. This fall, however, the outlook has improved.

Already this year the government began to change course, with a series of minor increases in taxes and in prices of controlled items and



Carlo Azeglio Ciampi, Governor of the Bank of Italy.

services. After years of an *allegro* (happy go lucky) attitude among politicians towards public money, bankers and industrialists say government members now show a greater sense of responsibility.

The Bank of Italy is among those who have been preaching financial discipline. Mr. Ciampi has in his speeches hammered on the theme that public spending, or rather over-spending, is the central question for the economy. It was he who pointed out that Italy accounts for 19 percent of the EC's product but 29 percent of its public debt. Pressure on the politicians has also come from industry and the labor unions. Sergio Pininfarina, president of Confindustria, the Confederation of Private Industry, called on the leaders of all the political parties separately in order to impress his views on them before the finance bill debate began.

Mr. Pininfarina says: "It would be serious if the budget maneuver were mutilated in Parliament, while it is to be hoped that it can be improved." Priorities after passage of the bill would be, he says, "Reforms of public transportation, health and pension services."

Last April Confindustria organized a convention on public finances in Naples, attended by top industrialists. Among suggestions advanced, Gianni Agnelli, chairman of Fiat, the country's biggest private corporation, recommended the establishment of a private mail service to compete with the scarcely functioning public monopoly. In general, however, industrialists are not campaigning for privatization, although the public sector is estimated to account for one third of economic activity. Rather, the industrialists demand from government more efficiency.

Pressure from the unions focuses on taxation. The three confederations — the Communist-led CGIL, the Catholic CISL and the Socialist-led UIL — mobilized over 200 thousand supporters for a rally in Rome on November 12 to call for a fair taxation policy. Divided on other issues, the three have no difficulty in remaining united on this, for salary and wage earners pay income tax in full — it is deducted at the source — while many employers and self-employed workers get away with a high level of evasion. Many politicians expressed sympathy with the union's complaints, such as Antonio Cariglia, secretary of the Social Democrat party in the coalition, who commented: "The Rome demonstrators are quite right. The fiscal injustice in our country is scandalous."

An investigation by the state television network RAI disclosed that boutique and souvenir owners of Venice, judging from their tax returns, must live in poverty on average annual earnings of 14.5 million lire (\$12,000). Mr. Giorgio Benvenuto, general secretary of UIL, estimates that income tax evasion this year amounts nationally to 52 trillion lire and underpayment of value added tax to 20 trillion lire. In other words, if the government collected taxes efficiently, its deficit would no longer be a serious problem. Otherwise, economic indicators are set fair — growth this year is forecast at 3.6 percent, while inflation should remain below 5 percent. As the leaders of banking, industry and labor point out, the government should now get its house in order, if the country is to enjoy prosperity in the barrier-free Europe of the 1990s.

John Earle

The scenario.

From 1992 the open European market means that products and services will no longer be constricted by national boundaries. Competition will become more aggressive. Products and markets mature even more rapidly. These elements, the elements that will characterize the nineties are easily recognized, even if it is difficult to identify the way that they will come together. What is certain, however, is that once again change will accelerate and once again companies will have to face up to new situations. They will have to guide and mould change to suit their own operating needs and capitalise on change as an occasion for growth and development, if they don't want to be swept away.

Olivetti, Europe's leading manufacturer of information technology and office automation products and systems has already started to answer the problems caused by these changes.

The solutions.

The history of technological innovation in the computer industry has been the history of a handful of companies. One of them is Olivetti. In the fifties, Olivetti was involved in the first European main-frame project; in the sixties, it launched the world's first desk top programmable computer, the P 101; and in the seventies, it introduced the first electronic typing systems.

It is not, however, merely a question of technological prowess, it also involves a deep understanding of the market and the client's needs.

In the space of 12 months, this combination of state-of-the-art technology and practical, cost-effective solutions has led to major enhancement of Olivetti's total product range. An exceptional achievement unequalled by any other company.

During this period, Olivetti has announced three major developments in information technology:

- the launch of ET/ETV series, the first range of secretarial workstations designed to change and grow according to individual needs - "Personal secretaries for secretaries";
- the introduction of a new PC family built around "choice of freedom" which respects the rights of customers and does not lock them into pre-determined paths;
- the announcement of Open System Architecture, a new system that overcomes the problems of incompatibility between standards, offering genuine integration of computer equipment from different manufacturers. It allows users to upgrade and protect their investment. This safeguard of continuity is symbolised by "The Bridge" linking past, present and future.

The structure.

Olivetti is a major force in information technology and it has its roots in Europe. Its factories which are equipped with sophisticated advanced automation processes, produce high quality products such as personal

BRIDGING THE PRESENT AND THE FUTURE.

computers. The Scarmagno plant alone, has a capacity of 750,000 machines a year. This makes Olivetti the major producer in Europe of personal computers.

Personal secretaries for secretaries.

In the last five years, the company has invested around one thousand million dollars in research and development. Over 4,000 employees are involved in this area, which is equal to seven per cent of the group's personnel, in more than 10 countries in Europe and North America. In addition, Olivetti has developed a network of technological and commercial alliances through both joint capital ventures and participation.

Olivetti is present in more than 30 countries with its own subsidiaries. It ensures a presence in other countries through a series of joint sales agreements by working with local agents. Around the world there are more than 9,000 technicians who guarantee the servicing of Olivetti products. This technical assistance has been extended to cover not only Olivetti products but also those of other manufacturers.

The challenge.

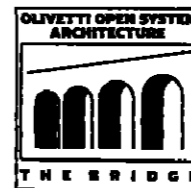
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For employees, Olivetti offers a company philosophy that commits vast resources to the creation of a new professionalism and to the development of individuals within a common culture.

In fact, the Olivetti philosophy has always been to take state-of-the-art technology and to develop it into practical solutions that the market can use. A simple philosophy but one that works. A bridge from the present to the future.



Olivetti is represented in all European, Far Eastern and Western countries.
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Travel: Stepping Out in The Heel of Italy's Boot

"La gente di Bari o vende o muore" (the people of Bari sell or die) is a local saying that aptly describes this bustling capital city of the southern Italian region of Apulia (Puglia in Italian), the "heel" of the boot shape formed by the Italian peninsula.

Each September, the city's Fiera del Levante displays Bari's wares in the second largest trade fair in Europe. This past September, over 3,000 exhibitors attracted two million Italians and thousands of foreigners to this city of just over 360,000 inhabitants, a good indication that Bari is both selling and thriving.

Despite the fact that Bari ranks among the most organized cities in

Business is conducted to relaxed, formal rhythms

Italy's largely undeveloped Mezzogiorno, or South, business is still conducted here to the region's relaxed and slightly formal rhythms. Business people are elegantly outfitted and groomed. Handshakes are common. Titles such as Ingegnere (engineer), Architetto (architect), Avvocato (attorney), and Dottore (used for medical doctors and anyone with any college degree) are bestowed in conversation with great respect. Polite small talk precedes all transactions, and one of the most pleasurable aspects of conducting commercial affairs in Apulia is the custom of the lengthy business lunch. Typically, it consists of such regional specialties as the ear-shaped pasta called *orecchiette* followed by local fish or roast lamb and accompanied by the ring-shaped bread called *scadattelli* and the robust local wines — many of which are used to reinforce the weaker wines of the north. One of the nicest places in town to sample the cuisine is Vecchia Bari (Via Dante Alighieri 4; tel. 080-216496), an old-fashioned oasis in the grid-like streets of the new part of town.

The Fiera del Levante is just one event that fills Bari's fairgrounds. Among the trade fairs scheduled for 1989 are shows of office equipment (February 16-20); contemporary art (March 16-20); Italy's art academies (March 16-20); period postcards, prints, and antiquarian books (March 18-19); stamps and coins (April 1-9); bridal wear (April and September); footwear (May and

October); horses (June 8-11); and finally the Fiera del Levante (September 8-18). Convenient and pleasant accommodations may be had at the Sette Mari Hotel (Via Verdi 60, tel. 080-441500) near the fairgrounds.

Those with free time in Bari should have a look at the Citta Vecchia, or old city, a slightly run-down part of town on a promontory. The visit is recommended for daylight hours only, since the area is reportedly dangerous at night. Among its monuments are the cathedral of San Nicola di Bari (the original Santa Claus) and a castle erected by Frederick II, the 13th-century Hohenstaufen emperor who was Apulia's most historically prominent figure. Outside the old quarter are the Museo Archeologico (an important archaeological museum), the Pinacoteca Provinciale (an impressive provincial art gallery), and the Teatro Petruzzelli (Italy's third-ranking opera house, where the season runs from January to March). Those with flexible schedules should also make a trip to Apulia's leading architectural monument, Castel del Monte. It is an octagonal stone structure built by Frederick II for use as a hunting lodge and retreat, and is still quite off the beaten track.

Though Apulia's main event for business travelers is Bari, many other cities in the region offer attractions for business and pleasure. Foggia, an agricultural center and the provincial capital of northern Apulia, holds its own trade fair — the Fiera di Foggia — each May and November, and offers accommodations and an efficient regional restaurant at the Hotel Cicolella (Viale 24 Maggio 60; tel. 0881-3890). For those with a car, Foggia is also a good base for a drive around the Gargano peninsula, a rocky promontory ringed with picturesque fishing villages and covered with a thick forest called the Foresta Umbra.

Down the coast from Bari is Brindisi, which has the safest natural harbor on the Adriatic. It marks the end point of the ancient Roman Via



Bari, lively port for tourism and trade in Apulia.

Appia, one of whose old commemorative columns still stands overlooking the port. The port was used by the Romans, Crusaders, and now the numerous hydrofoils that leave Italy for Greece. The business traveler is likely to be drawn there for its shipping industry, its extensive agricultural production, or its Montecatini-Shell synthetics plant on the outskirts of town. In town, accommodations are offered at the Hotel Majestic (Corso Uniberto I, 151; tel. 0831-222941). Though the city itself is obviously dedicated to commerce, in the nearby countryside are the delightful beehive-like structures called *trulli*. A whole city of them is at Alberobello, where one trullo contains a restaurant called Trullo d'Oro (Via Cavallotti 29; tel. 080-721820), serving local lamb specialties.

South of Brindisi is Lecce, known as "the Florence of the Baroque" because of the florid churches and palazzi carved out of the local golden stone, which make Lecce the most beautiful town in Apulia. Its crafts tradition still flourishes, the main products being papier maché and painted terra-cotta figurines sold throughout the year, especially during Christmas. Lecce offers accommodations in the form of the old-fashioned, centrally located Hotel Risorgimento (Via Imperatore Augusto 19; tel. 0832-42125) and the modern President (Via Salandra

6; tel. 0832-51881) on the outskirts. Both hotels have excellent restaurants.

On the instep of the boot of Italy lies Taranto, a modern industrialized city and headquarters of Italy's largest steel corporation. Taranto's best two hotels, Grand Hotel Delfino (Viale Virgilio 66; tel. 099-3205) and Plaza (Via d'Aquino 46; tel. 099-91925), are both centrally located. Like Bari, Taranto has a crumbling Citta Vecchia or old city worth a ramble for those with free time, though as with Bari, a daytime visit is advisable. In addition to its industry, Taranto's importance lies in the fact that it was the ancient Greek colony of Tarentum, and it proudly displays its Greek past at the Museo Archeologico, Italy's most important museum of its ancient Greek artifacts. Other local bounty may be sampled at the city's best restaurant, Al Gambero (Vico del Ponte; tel. 099-411190).

For more information on business travel in Apulia, contact the regional tourist office (Corso Italia 15; tel. 080-213134) and the provincial offices in Bari (Piazza Moro 33/A; tel. 080-228855), Foggia (Via Sen. E. Perrone 17; tel. 0881-23650), Brindisi (Via C. Colombo 88; tel. 0831-222126), Lecce (Via Monte San Michele; Tel. 0831-54117), and Taranto (Corso Umberto 121; tel. 099-24457). **Dwight V. Gast**

Trade Fairs Encourage Internationalization

Fiera Milano, Milan's trade fair organization, is approaching its eighth decade with confidence and has set its sights high. Secretary General Gino Colombo has declared that by the year 2000, Fiera Milano will be "the best equipped fair in the world."

Next year Milan hosts its 67th "Great April Fair" in conjunction with the Italian Foreign Ministry, which the Fair sees as being its most impressive project to date. This year, the fair attracted over 1.3 million visitors, of which an eighth were from overseas. The participants saw nearly 2,500 exhibitors from 74 different nations.

One of the major attractions for the 1989 April Fair will be a 2,500-square-meter (around 28,000 square feet) exhibition sponsored by the Soviet Union, returning a compliment paid by Italy in Moscow last year at the "Italia 2000" exhibition. Exhibitors from Latin America, Africa, the Far East and the United States will also be present. The EC intends to use the occasion as a vehicle to publicize its vision of the single European market in 1992. Of course, the fair itself is not missing the chance to play on the importance of internationalism as the 1992 deadline approaches, enjoining businesses to use the event to help themselves develop their European strategies.

To help participants do business, the fair has instituted a "Foreign Trade Salon." This provides computing and interpreting facilities and a news service; it also houses delegations from numerous trade and tourist bodies.

Milan Fair Overseas Exhibitions (MOE) was set up in 1983 to foster the fair's international development. Over its five-year existence, it has flown the flag as far afield as Panama and New Delhi. As well as its representation at trade fairs

worldwide, the company has set up a more permanent presence by opening offices in the United States, West Germany, France, and India. Plans are afoot to extend that network to Switzerland, Spain and England.

In addition to the "Great April Fair," Fiera Milano organizes some 90 different specialized exhibitions during the year, with industries represented ranging from fashion to car components.

Ente Autonomo per le fiere di Bologna, Italy's other major trade fair organization, has played host to some 15,000 exhibitors in 1988, and been visited by nearly a million trade professionals, of whom over 12 percent were from abroad. Bologna counts among its most important exhibitions those for fashion, such as SIMAC and COSMOPROF, construction (SAIE), children's books and technology. Fair President Dante Stefani says: "European integration and the internationalization of production processes are increasing the importance of exhibitions in the international marketing of goods."

Bologna's plans for development also stress internationalism. The Fiera has taken building trade fairs to China and Russia, and book fairs to Greece and Germany. One of its domestic initiatives is the Bologna-Modena-Ferrara fair complex, which will coordinate events between the three centers, both complementary and independent from the ones held in Bologna. This fair "pole" will have a combined exhibition area of over 200,000 square meters. **Guy Fitzmorris**

John Earle is a freelance journalist living in Trieste who contributes regularly to the London Times.

Guy Fitzmorris is a freelance financial journalist based in Milan.

Claudia Filisi is a freelance writer based in Milan and Monte Carlo.

Dwight V. Gast recently wrote about Apulia for the Penguin Guide to Italy.

Michael T. Kinnicutt is a freelance writer based in Milan.

Geoffrey Lipman is executive director of the International Foundation of Airline Passengers Association, Geneva.

Janette Martin is a freelance journalist based in Milan.

Lisa Rosenthal is the Italy correspondent for Lafferty Publications, Ltd., London.

Janet Stobart is a freelance journalist based in Rome.

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MADISON AVENUE

Why, Oh Why, Oh Why-oh Not Love Wine From Ohio?

By RANDALL ROTHENBERG

New York Times Service

NEW YORK — In the annals of tough sells—a list that includes pushing refrigerators for Eskimos and coals to Newcastle—peddling Ohio wines to Ohioans ranks high. The state has the third-greatest number of wineries in the United States, but fewer than 8 percent of Ohio oenophiles buy local vintages like Wyandotte Winery's Seyval Blanc '85 or Chateau Debonne's Johannisberg Reising '86. Instead, connoisseurs along the Cuyahoga figuratively clink their glasses and muse, "We'll always have Paris. Napa, at least."

Determined to upgrade the reputation of Ohio wines, Meldrum & Feiwel, a Cleveland agency, called on Andrzej S. Osiatynski, its account planning director, who joined the agency in January. His role is creating a campaign for the Ohio Grape Industries Program demonstrating the use of account planning—the qualitative-research concept developed in Britain that American agencies are beginning to adopt.

The qualitative-research concept developed in Britain is catching on in the U.S.

"When we were pitching the account, instead of just using the quantitative data, we did in-depth interviews to understand people's expectations and feelings about Ohio wine," said Mr. Osiatynski, 37, a native of Poland. He learned planning at Ogilvy & Mather in New York, one of the few large American agencies to use it.

Although he conducted only 15 interviews, several consistent themes emerged. For example, Ohioans displayed deep feelings when they discovered that their state actually had a wine industry, a response Mr. Osiatynski called "local patriotism." But Ohioans were also skeptical about the quality of the state's wine.

Indeed, the in-depth interviews showed that consumers would not believe the flavor of Ohio wine could compare to French and California wine. Humor might be the best way to deal with this, the ad agency decided. So it created ads with people from out-of-state making fun of Ohio wine—and appearing foolish in the process.

In one ad, a bubble-brained girl exclaims to her equally vacant male companion, "Ohio is like a soybean subculture!" When she mentions that the label on the wine she's drinking reads, "Lake Erie Delaware 1986," he laughs hysterically and exclaims, "Oh please, Lake Erie? Like I hope they got the fish out."

A California company says its plan to begin national magazine advertising for its stop-smoking system has been stymied by the refusal of Time, Newsweek, Sports Illustrated, Life and US magazines to take its advertising. Spokesmen for several of the magazines said the refusals had not been caused by a fear that tobacco companies would react negatively.

Advantage/Quik-Fit had wanted the promotion to coincide with the Great American Smokeout, the American Cancer Society's annual antismoking campaign, held last week. The company sells Cigarettes, a stop-smoking system, with cassette tapes to help modify behavior and a drug that reduces the craving for nicotine.

Jerry J. Siano, the chairman of N.W. Ayer USA, and Burger King have denied that the agency is on the verge of losing the troubled \$200 million account.

The fast-food company stated from its Miami headquarters that Ayer will continue to create advertising and place media. But, it said, "We are looking at the option of utilizing another agency to develop new creative."

In recent weeks, Burger King franchisees have grown increasingly vocal about their displeasure with the advertising and with the management of the chain by its corporate parent, Pillsbury Co., which is fighting a takeover attempt by Britain's Grand Metropolitan PLC.

Lloyds, Abbey Try Again Merger Altered to Satisfy Holders

Compiled by Our Staff From Dispatches

LONDON — Abbey Life Group PLC said Tuesday that it had agreed with Lloyds Bank PLC on a revised plan to give Lloyds a controlling stake in the British insurer, creating a powerful banking and insurance group.

The new plan requires a lower rate of stockholder approval and pays a higher dividend to Abbey stockholders than an original £1.15 billion (\$2 billion) agreement, which failed to secure sufficient support from the stockholders earlier this month.

The new plan's value is about the same as the other, and Abbey Life would acquire the same five personal finance units of Lloyds that were proposed earlier.

The group would acquire the businesses in exchange for 380 million Abbey Life new ordinary shares, or 57.6 percent of its enlarged capital. Lloyds would retain control of the units through its proposed majority control of Abbey and would absorb Abbey's capital base.

The deal would create a new company, Lloyds Abbey Life PLC. But the new deal would require only 50 percent shareholder approval, rather than the 75 percent legally required for the previous scheme. The original plan only received 64 percent backing from Abbey shareholders.

An Abbey Life spokesman said the new proposal would need a lower rate of shareholder backing because the proposed status of Lloyds Bank representatives on the Abbey Life board had been changed.

"Essentially the proposals are the same," said Allan Nichols, an insurance analyst with James Capel & Co. in London. "But the whole thing is being put forward as an ordinary resolution, which needs only a 50 percent majority, while some elements of the earlier proposal were special resolutions requiring 75 percent approval."

"Because they received more than 50 percent approval last time, Abbey realized that one was on them to find a way to implement the package in new form."

Abbey Life said the new proposals also include increased dividends from Abbey, making it more attractive to shareholders.

The life insurer intends to pay a final 1988 dividend of 9.9 pence (18 cents) per share, making 13.5 pence for the year, which is up 32 percent. It also plans a special dividend of 15 pence per share at the same time as the final.

The proposed 1988 dividend of 13.5 pence per share compares with the earlier forecast of 12.75 pence. The proposed dividends are subject to completion of the merger with Lloyds Bank.

Shares in Abbey rose 26 pence to 294 pence Tuesday afternoon in London, helped by the news of the higher dividend. (Reuters, 187)



At Yugo dealerships in the United States, slow sales have meant heavy new-car inventories.

The Yugo: Success Story Turns Sour Image Problems Undercut U.S. Sales Despite Low Price

By Doron P. Levin

New York Times Service

NEW YORK — The squat little Yugo from Eastern Europe was never intended to tempt the buyers of fancy sports cars or leather-trimmed luxury sedans. That was not the point. Rock-bottom price was.

These days, however, even the lowest price in the land is not attracting many buyers.

Only three years after the introduction of the Yugoslav car in the United States at a price of \$3,990, retail sales have plummeted.

The 300 Yugo dealers in the United States are stuck with a large inventory of unsold cars, while more highly regarded, low-priced competitors from the Far East are crowding the market niche that the Yugo sought.

The Yugo started strongly despite the views of auto experts that it was a shoddy product and predictions that it could not survive. Many drivers said they liked the price even though the quality was not high.

As a small importer, Yugo America Inc. quickly increased sales from fewer than 400 cars a month in September 1985 to more than 5,000 a month a year and a half later.

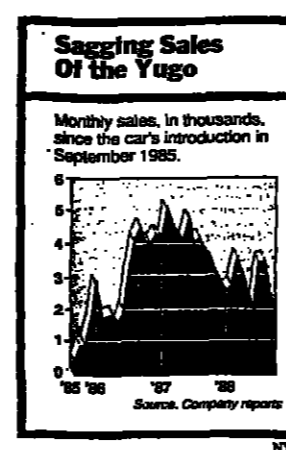
Last year Yugo executives decided to shoot for a 50 percent rise in sales by increasing imports of improved models, providing financial incentives and multiplying dealerships.

Their optimism did not last long. Because they failed to deliver the promised improvements in engineering and design, unsold Yugos began piling up.

"We've been selling the same car for three years," said Robert Loeber, a dealer in Kalamazoo, Michigan.

Yugo America's experience shows how elusive success can be for any new car venture in the United States.

"The car business is demanding," said Dan Prior, senior vice president of Yugo America. "But the U.S. market is the fiercest, toughest around. It's also the most lucrative. Our mistake, in



Monthly sales, in thousands, since the car's introduction in September 1985.

Source: Company reports

NYT

terms of overly aggressive planning, is going to cost the company some money, but isn't a long-term threat."

Nevertheless, Yugo's parent company, Global Motors Inc. of Upper Saddle River, New Jersey, ousted its president and chief executive, William E. Prior, two weeks ago, and is searching for a replacement.

The company, which is looking into other car-import ventures, destined to elaborate on Mr. Prior's departure. Dan and William E. Prior are brothers.

The survival of Global Motors may now depend on how quickly the importer can revive sales, trim inventory and offer new models with features, like automatic transmissions, that most American consumers demand.

Financial information about the company is sketchy because it is privately held, but it is clear that the lack of incoming cash is a problem and Global Motors is trying to raise new capital quickly.

In May, Malcolm Bricklin, the flamboyant entrepreneur who founded the company, sold his controlling interest to a group headed by Mabon Nugent & Co., a New York investment bank, in a \$40 million transaction that injected \$20 million of new capital into the company.

But the Mabon Nugent group, See YUGO, Page 18

Faster Growth In U.S. Prices Causes Concern

Compiled by Our Staff From Dispatches

WASHINGTON — Consumer prices in the United States rose 0.4 percent in October, the government reported Tuesday, a bigger-than-anticipated rise that revived fears of an upsurge in inflation.

The latest increase in the consumer price index, which was adjusted for seasonal variations, brought the inflation rate so far this year to 4.6 percent, the Labor Department said.

Stripping out costs of food, housing and energy from the index, the inflationary gauge rose by a steep 0.7 percent in October.

Most economists had looked for a seasonally adjusted 0.3 percent increase in the overall index for October, after a 0.3 percent gain in September. Some said the latest report could produce pressure for an increase in U.S. interest rates.

The price acceleration would be modest in itself, but coming quickly after other strong economic reports, the statistics could reinforce fears that the economy is entering an inflationary cycle.

"I think the basic message is that inflation is still solidly in place," said Robert Doderick, chief economist for the Northern Trust Co. of Chicago.

The rise was attributed to a broad array of components, spearheaded by a 1.8 percent jump in apparel prices that came after a 2 percent rise in September. Some economists said the rise in clothing prices came after four months of declines, and would probably not continue.

But others said the rise in clothing prices is tied to the weakness of the dollar, and for that reason might continue.

Lacy Hunt, chief economist at CM & M Inc., commented, "Since the beginning of September, the dollar has dropped 10 percent, and not all of those prices have been passed through to the consumer by any means."

Energy prices, a volatile component in every inflation report, edged up only 0.1 percent in October after falling by 0.6 percent in September. Economists generally believe oil prices will move lower for the next several months, taking

an edge off the inflation rate, while leaving the underlying rate of inflation creeping upward.

The rise in consumer prices adds to the case for a tightening in Federal Reserve monetary policy, but will not push the central bank into immediate action, economists said.

"I don't see this report as being decisive, but it's another piece of evidence that inflation is a problem that has to be addressed," said John Paulus, chief economist at Morgan Stanley & Co. "It's just a question of when."

Anthony Karydakis, economist at Mitsubishi Bank, said the slight acceleration in October inflation was primarily due to apparel, without which the price index would have been neutral. But he saw the Fed moving rates higher in coming weeks.

(Reuters, UPI)

U.S. Economy Seen Growing At 3.5% Rate

The Associated Press

WASHINGTON — The U.S. government on Tuesday forecast robust 3.5 percent growth in the gross national product next year.

The prediction for growth in total output of goods and services is 1.3 percentage points higher than the consensus view of many private economists, who see sluggish GNP growth of 2.2 percent in 1989.

If the private forecasts are correct, it would mean that the budget headaches facing President-elect George Bush will worsen in his first year in office, as government programs would have to be trimmed to make up for reduced revenue.

Beryl Sprinkel, chairman of President Ronald Reagan's Council of Economic Advisors, defended the forecast.

"I don't want to be accused of making the final forecast of the Reagan presidency too rosy," Mr. Sprinkel said.

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and ECU.

Table of other dollar values for currencies like Australian, Canadian, Hong Kong, Japanese, Swiss, and others.

Table of forward rates for currencies like British Sterling, Japanese Yen, and Deutsche Mark.

Interest Rates

Table of Eurocurrency deposits for various banks and currencies like Dollar, Swiss, French, and others.

Table of key money market rates for US Treasury bills, Treasury notes, and Treasury bonds.

Table of US money market funds for various funds like Merrill Lynch Realty Assets and others.

Table of interest rates for various banks and currencies like British, Swiss, and others.

\$210 Million Missing at Greek Bank

Agence France-Press

ATHENS — More than 30.3 billion drachmas (\$210 million) is missing from the Bank of Crete, whose former director George Koskotas is on the run, wanted for embezzlement and fraud, the bank auditor said Tuesday.

In his 25-page report, Spyridon Papadatos said he was still working to verify all the bank's accounts and investigations would continue.

Mr. Koskotas, the Greek press baron and financier, has not been seen since Nov. 6 and is believed to have fled the country. He was to have appeared in court Nov. 14 to face a number of charges of forgery and embezzlement in connection with the bank and his business empire, which is now in ruins.

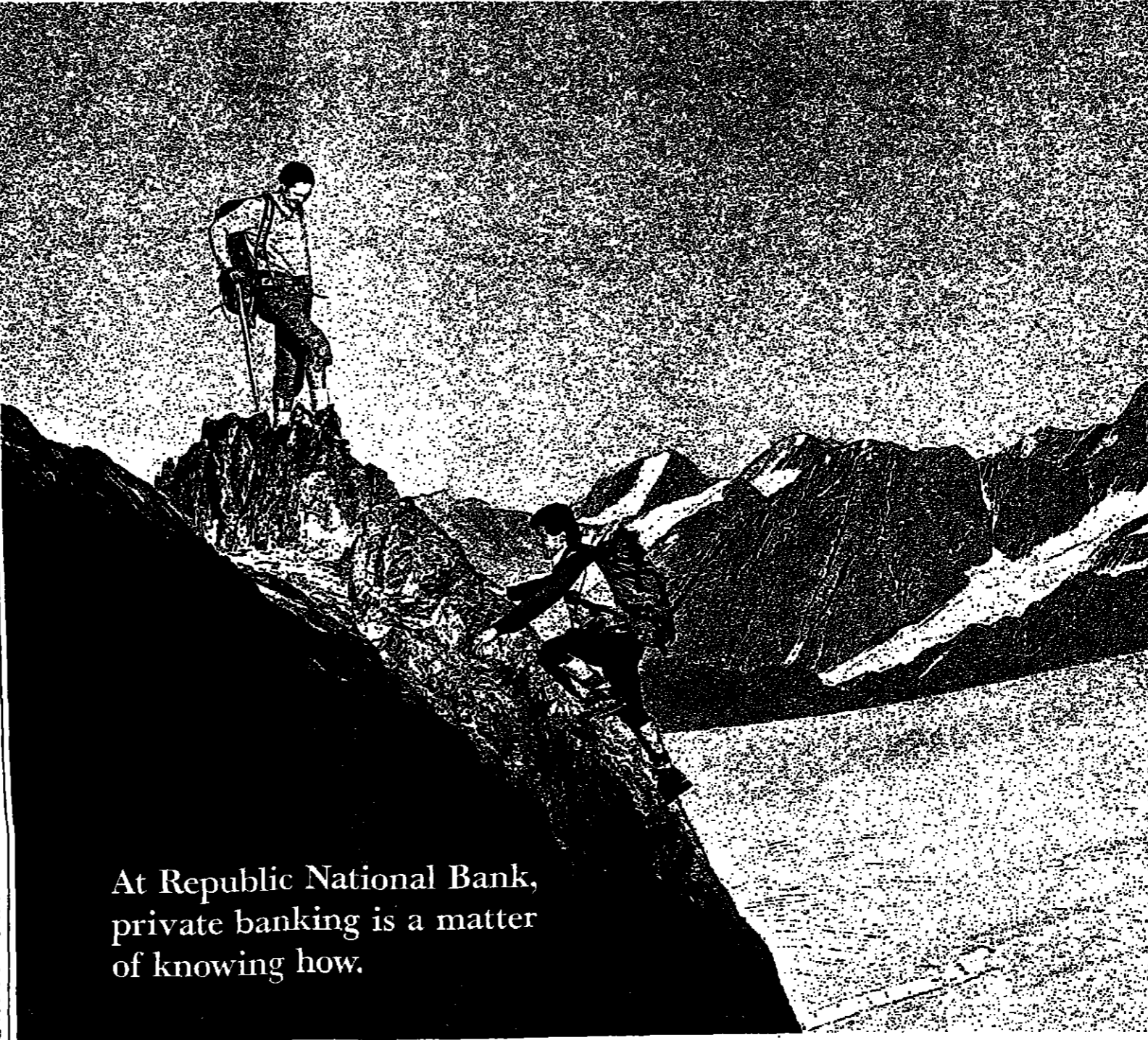
According to the auditor's report, the Bank of Crete's deficit at the end of the year will be about 33.4 billion drachmas.

The case has thrown the Socialist government into a major controversy, with some opposition politicians accusing the ruling party of facilitating Mr. Koskotas's escape to avoid further revelations about his alleged financial transactions with members of the party.

The report alleged that Mr. Koskotas had put 20 billion drachmas into other business concerns, including his publishing company, Grammatiki. A further 10 billion drachmas was not accounted for.

The Bank of Crete was the country's 13th-ranking bank in 1986 and was controlled by Mr. Koskotas until Oct. 19. A temporary administrator was then appointed to verify the accounts, since the bank was on the point of being sold.

The auditor said the bank's written records for 1986 and 1987 "did not correspond to reality." The books for the period Jan. 1-June 21 this year had been replete in the space of a night, he said.



Advertisement for Republic National Bank of New York (Suisse) SA, featuring text about private banking services and contact information.

مكتبات الأمل

NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE adv. vol. close, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Tuesday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Class, Prev., Week Ago, Year Ago

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Class, Chg.

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, %NYI

Dow Jones Averages table with columns: Class, High, Low, Last, Chg.

Standard & Poor's Index table with columns: Class, High, Low, Last, Chg.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Last, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stock Prices Move Higher

NEW YORK — Stock prices closed broadly higher Tuesday in slow, choppy trading on the New York Stock Exchange...

The Dow Jones industrial average, which rose 3.56 points Monday, advanced 11.73 to close at 2,077.70.

Broader market indexes also advanced. The NYSE composite index rose 0.45 to 150.55. Standard & Poor's 500-stock index rose 0.99 to close at 267.21.

Advances narrowly outpaced declines. Volume on the Big Board totaled about 127 million shares, compared with about 120.4 million shares traded Monday.

"There's a lot of sparsity in the market," said Edward Shopkorn, a partner in charge of institutional equities at Mabon, Nugent & Co.

"Interest rates are higher than they were two weeks ago," he said. "Oil prices are higher." And those things "not good for the stock market."

Mr. Shopkorn said gains in the market were caused by bargain hunters taking advantage of the market's undersold condition. He added that the Thanksgiving holiday on Thursday was keeping many players on the sidelines.

The Labor Department said Tuesday that U.S. consumer prices rose 0.4 percent in October, more than expected, on sharp increases in the costs of clothing, automobile insurance and auto financing.

While most economists had looked for a

seasonally adjusted 0.3 percent increase for October, the increase, modest in itself, came on the heels of other strong economic reports, and helped to raise fears that the economy is entering an inflationary cycle.

Higher consumer prices, combined with the other reports showing a robust economy, could prompt the Federal Reserve to raise interest rates, some analysts said.

"We have a market that's had plenty of bad news over the last couple of months," said Sid Dorr, vice president of block trading at Robinson-Humphrey Co. in Atlanta, pointing to the government report, as well as the weaker dollar, higher interest rates and the budget and trade deficits.

Mr. Dorr said worries about underlying economic issues have already led most investors who wanted to sell their stocks to do so. As a result, he said, "the direction should be on the upside over the next couple of days."

In NYSE trading Tuesday, Sonat Inc. was the most active issue, off 1/4 to 27 1/2. The stock goes ex-dividend Wednesday.

RJR Nabisco followed, off 1/2 to 83 1/2. Tax experts said the record \$26.8 billion proposal for RJR Nabisco Inc. by an investment group headed by First Boston Corp. hinges on a tax provision that could save the buyer about \$400 million a year in interest payments.

The Labor Department said Tuesday that U.S. consumer prices rose 0.4 percent in October, more than expected, on sharp increases in the costs of clothing, automobile insurance and auto financing.

AT&T was up 1/4 to 28 3/4. IBM was up 1/4 to 117.

Large table of stock prices (A) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (B) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (C) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (D) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (E) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (F) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (G) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (H) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (I) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (J) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (K) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (L) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (M) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (N) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

Large table of stock prices (O) with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Out, Chg.

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(Continued on next page)

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
120	115	IBM	3.00	2.50	12.0	120	115	118.50	+0.25
100	95	Microsoft	0.00	0.00	15.0	100	95	98.00	+0.50
80	75	Apple	0.00	0.00	10.0	80	75	78.00	+0.25
60	55	Oracle	0.00	0.00	12.0	60	55	58.00	+0.25
40	35	Lotus	0.00	0.00	10.0	40	35	38.00	+0.25
20	15	Novell	0.00	0.00	12.0	20	15	18.00	+0.25

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
150	145	AT&T	0.80	2.00	15.0	150	145	148.00	+0.25
120	115	Verizon	0.00	0.00	10.0	120	115	118.00	+0.25
100	95	WorldCom	0.00	0.00	12.0	100	95	98.00	+0.25
80	75	Sprint	0.00	0.00	10.0	80	75	78.00	+0.25
60	55	US West	0.00	0.00	12.0	60	55	58.00	+0.25

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
100	95	Amgen	0.00	0.00	15.0	100	95	98.00	+0.50
80	75	Genentech	0.00	0.00	12.0	80	75	78.00	+0.25
60	55	Novartis	0.00	0.00	10.0	60	55	58.00	+0.25
40	35	Schering	0.00	0.00	12.0	40	35	38.00	+0.25
20	15	Pfizer	0.00	0.00	10.0	20	15	18.00	+0.25

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
100	95	Merck	0.00	0.00	15.0	100	95	98.00	+0.50
80	75	Bayer	0.00	0.00	12.0	80	75	78.00	+0.25
60	55	Roche	0.00	0.00	10.0	60	55	58.00	+0.25
40	35	Sandoz	0.00	0.00	12.0	40	35	38.00	+0.25
20	15	Ciba	0.00	0.00	10.0	20	15	18.00	+0.25

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
100	95	Johnson & Johnson	0.00	0.00	15.0	100	95	98.00	+0.50
80	75	Pfizer	0.00	0.00	12.0	80	75	78.00	+0.25
60	55	Merck	0.00	0.00	10.0	60	55	58.00	+0.25
40	35	Bayer	0.00	0.00	12.0	40	35	38.00	+0.25
20	15	Roche	0.00	0.00	10.0	20	15	18.00	+0.25

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80	75	Genentech	0.00	0.00	12.0	80	75	78.00	+0.25
60	55	Novartis	0.00	0.00	10.0	60	55	58.00	+0.25
40	35	Schering	0.00	0.00	12.0	40	35	38.00	+0.25
20	15	Pfizer	0.00	0.00	10.0	20	15	18.00	+0.25

(Continued)

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Change
100	95	Amgen	0.00	0.00	15.0	100	95	98.00	+0.50
80	75	Genentech	0.00	0.00	12.0	80	75	78.00	+0.25
60	55	Novartis	0.00	0.00	10.0	60	55	58.00	+0.25
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20	15	Pfizer	0.00	0.00	10.0	20	15	18.00	+0.25

Total of France Seeks Norwegian Oil Holding

OSLO — The Norwegian subsidiary of Compagnie Francaise des Petroles, known as Total, said Tuesday it planned to spend around 950 million kroner (\$144.3 million) to buy almost one-third of the Norwegian oil firm, Saga Petroleum A/S.

But analysts said the government may block the move if it decides that foreign interests should not be allowed to control Norway's biggest private oil company.

Total, which already holds 5 percent of Saga, said in a statement that it had agreed to buy a 30 percent stake from two major Norwegian shareholders. It will buy Den norske Creditbank's 10 percent stake and the 20 percent holding of Aker A/S.

Aker said it sold its stake for 639 million kroner, while Den norske said its sale was for around 320 million kroner.

The deal must be approved by Norway's authorities, since total foreign ownership in Saga will increase to 60 percent, double the level permitted currently for the company under Norwegian law.

Saga earlier this month rejected an offer to merge with the Norwegian unit of the French oil group, Elf Aquitaine.

"I cannot see that the Oil Ministry would object to this transaction," said a ministry spokesman, Egil Helle. "We know Total as a highly competent company."

But it must also be approved by the industry Ministry and Saga's board.

Some observers said that recent criticism of Saga, Norway's third-largest oil company after state-run Statoil and the 51 percent state-owned Norsk Hydro, may have paved the way for Total.

The company, which expects this year's profits to be slashed to one-third of last year's level, has come under fire in recent months over plans to develop the Snorre oil field.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	1988	1987	1986	1985
Britain				
British Gas	1988	1987	1986	1985
Revenue	2,640	2,500	2,270	2,050
Profit Loss	107.0	118.0	100.0	85.0
Canada				
Imperial Oil	1988	1987	1986	1985
Revenue	1,270	1,240	1,150	1,050
Profit	114.0	110.0	100.0	90.0
United States				
Albertson's	1988	1987	1986	1985
Revenue	1,670	1,670	1,670	1,670
Net Inc.	87	87	87	87
Per Share	0.87	0.87	0.87	0.87
9 Months	1988	1987	1986	1985
Revenue	4,850	4,320	3,980	3,620
Net Inc.	118.0	110.0	100.0	90.0
Per Share	1.18	1.10	1.00	0.90
Ames Dept Stores	1988	1987	1986	1985
Revenue	547.0	512.0	472.0	437.0
Net Inc.	32.0	30.0	28.0	26.0
Per Share	0.32	0.30	0.28	0.26
9 Months	1988	1987	1986	1985
Revenue	1,590	1,480	1,380	1,280
Net Inc.	94.0	88.0	82.0	76.0
Per Share	0.94	0.88	0.82	0.76
Brown-Forman	1988	1987	1986	1985
Revenue	367.0	352.0	337.0	322.0
Net Inc.	42.0	40.0	38.0	36.0
Per Share	0.42	0.40	0.38	0.36
9 Months	1988	1987	1986	1985
Revenue	1,080	1,020	960	900
Net Inc.	120.0	115.0	110.0	105.0
Per Share	1.20	1.15	1.10	1.05
Browning-Ferris	1988	1987	1986	1985
Revenue	563.0	547.0	531.0	515.0
Net Inc.	44.0	42.0	40.0	38.0
Per Share	0.44	0.42	0.40	0.38
9 Months	1988	1987	1986	1985
Revenue	1,670	1,670	1,670	1,670
Net Inc.	87	87	87	87
Per Share	0.87	0.87	0.87	0.87
West Germany				
Boyer	1988	1987	1986	1985
Revenue	2,070	1,980	1,890	1,800
Net Inc.	280.0	270.0	260.0	250.0
Per Share	2.80	2.70	2.60	2.50

NYSE High-Lows

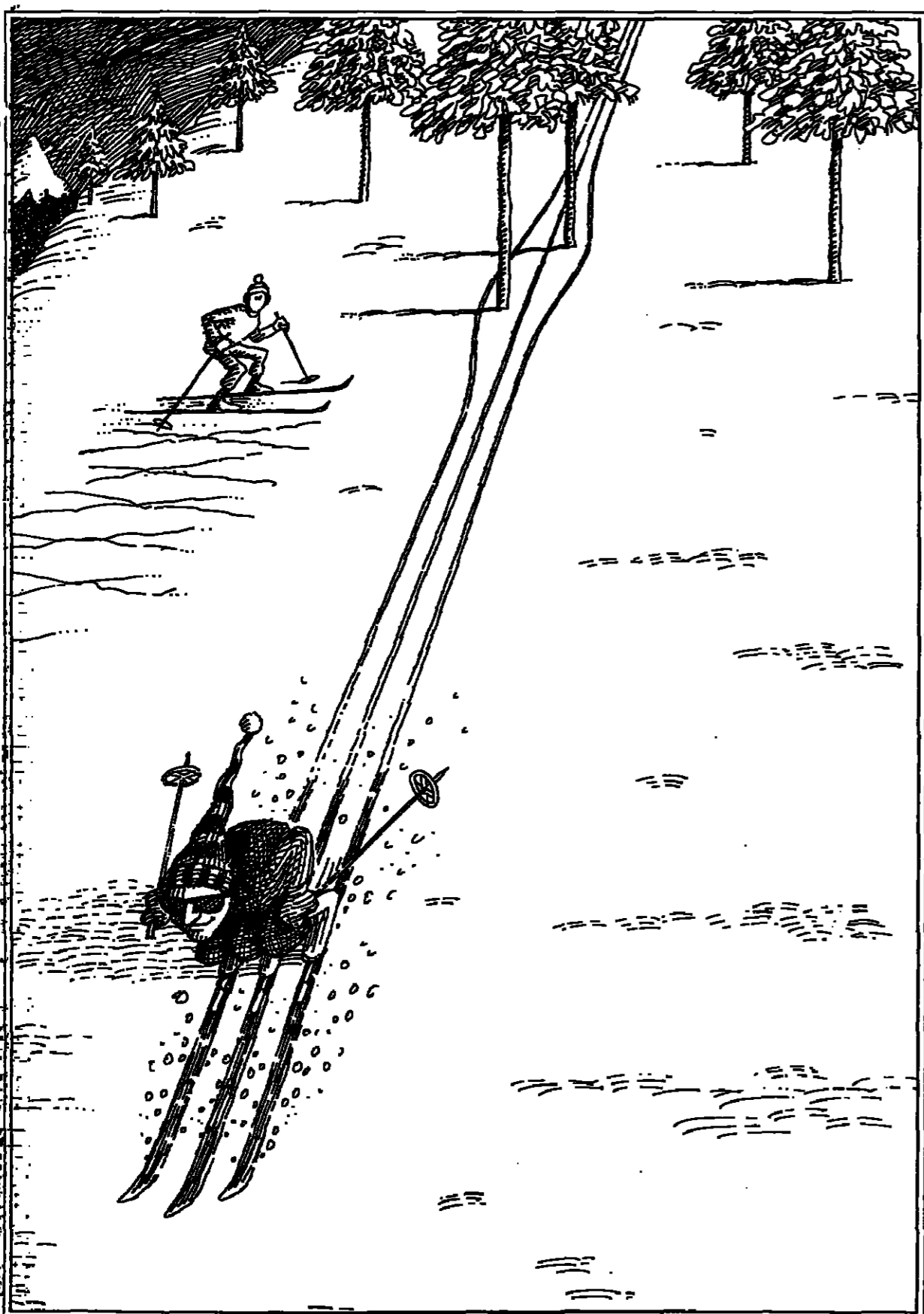
NEW HIGHS	NEW LOWS
Amgen	Amgen
Genentech	Genentech
Novartis	Novartis
Schering	Schering
Pfizer	Pfizer
Roche	Roche
Sandoz	Sandoz
Ciba	Ciba
Amgen	Amgen
Genentech	Genentech
Novartis	Novartis
Schering	Schering
Pfizer	Pfizer
Roche	Roche
Sandoz	Sandoz
Ciba	Ciba

Drop in Price of Metals Is Predicted Next Year

LONDON — Prices of key nonferrous metals, many of which hit record levels this year on strong demand and tight supply, will probably fall next year, the Economist Intelligence Unit said Wednesday.

Some metals could fall by as much as 20 to 30 percent, the research unit said in a report. But it ruled out a price collapse to the depressed levels of the mid-1980s "because producers have been cautious about expanding or reopening capacity."

The report indicated that production of all leading nonferrous metals — copper, aluminum, tin, nickel, lead, zinc and silver — will grow faster than demand in 1989.



A CORPORATION WITH THE RIGHT UNDERPINNING CAN PROCEED UNFLINCHINGLY, COME WHAT MAY.

Around Emhart Corporation, we talk about the new line of business we've gone into recently as our third leg. Which is one leg more than we had a year ago. Better underpinning to surmount obstacles and pick up speed.

Our new business is Information and Electronic Systems. And when you think about it, adding this leg to Emhart was an alpine feat, itself.

You see, Emhart was going along as a stable, successful manufacturing company doing nearly \$2 billion a year in sales. But not especially glamorous.

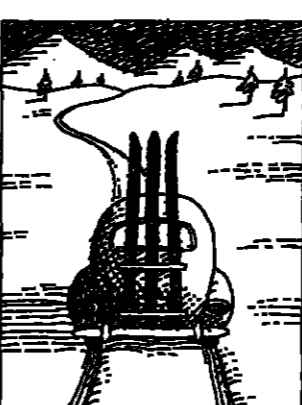
Well, by plunging into high technology, we transformed Emhart into a very different company. One with prospects for much quicker growth. And higher profitability.

THE NEW LEGWORK

Our first high-tech acquisition was a Virginia-based company Planning Research Corporation, which provides computer-based services for business and government.

Then, earlier this year, we announced the acquisition of a second computer-based operation, Advanced Technology Inc., whose customers include everybody from the Department of Defense to the Social Security Administration.

Together, these two vigorous, entrepreneurial companies have about \$700 million in revenues.



MORE OF THE SAME

Meantime, we've divested some of our old companies, streamlining our original two businesses to the point where they will do a lot better, too.

One is industrial products, where we manufacture everything from bottle-making machinery to electronic components.

The other is a lot of consumer products, from Pop® rivets and Molly® bolts to our True Temper® line of lawn, garden tools, and golf shafts. Also, KWIKSET® locks.

These two venerable Emhart businesses will continue to furnish us with a very nice cash flow, thank you.

Which (among other things) will give us the wherewithal to continue expanding our new high-tech, third leg.

THE NEW EMHART SIGNS IN

Since we're altering so much else at Emhart, it seemed only fitting to change our corporate signature, too.

So at the bottom of this page you will see the spirited new signature, or logo, we've adopted.

Notice that it leans forward ever so slightly, as if it's just a little impatient to get on to other, bigger things.

Well, that's the way we feel these days. Ready to scale new heights, as any three-legged skier would surely understand.

EMHART
A GREAT NUDGE FORWARD™

صك:امن الأصل

YUGO: Low Prices Fail to Overcome Image and Engineering Problems

(Continued from first finance page) following steep financial losses at Global Motors in recent months, is seeking new capital and is willing to sell all or part of its interest or stake on a partner, Mr. Prior said. Officials at Mabon Nugent declined to be interviewed.

Potential investors who asked to remain anonymous said they had

been told by company officials that the inventory of unsold Yugos stands at about 13,000, a four to five-month supply at current sales levels. A two-month supply is regarded as comfortable in the industry.

In a sign of just how grim finances have become, Global Motors has been talking about a \$34

million tax-loss carry-forward as a principal asset, the potential investors said.

Although it is serious, Global Motors' position is not hopeless, said Chris Cedergrun, senior automotive analyst for J.D. Power & Associates of Agoura Hills, Calif. Yugos' quality and reliability have improved, he said, but the company so far has failed to communicate that message to consumers.

"The bottom line is that the Yugo doesn't have a very positive image in the marketplace," Mr. Cedergrun said. "On the plus side, there definitely is a market for the car. They have a sleeper if they can convince the public they can maintain adequate quality levels."

When the Yugo first appeared in late 1985, it gained widespread attention partly because of Mr. Bricklin. He had previously imported the tiny Subaru 360 to the United States, a car sharply criticized by consumer and safety advocates, and had built a gull-wing sports car, which flopped because of financing and manufacturing problems.

With characteristic hyperbole, Mr. Bricklin vowed to make the Yugo another Volkswagen Beetle—a simple, low-cost vehicle for the masses.

Consumer Reports, a U.S. magazine that rates new car models, panned the car, calling it a "barely assembled bag of nuts and bolts."

The magazine suggested that buyers could better spend their money on a used car. Federal safety regulators gave the car low marks in a 35-mile-an-hour (55 kilometer-an-hour) crash test. Early buyers complained about problems ranging from anemic power to difficulty in starting on cold mornings.

So the skeptics were surprised when sales grew steadily throughout 1986 and much of 1987, proving Mr. Bricklin was right about an

untapped demand for low-cost transportation.

From 1986 to 1988, Global Motors made 250 design changes and said it was improving quality, despite another poor review by Consumer Reports.

Undoubtedly, the rising tide of low-priced small car imports from the Far East, which began in 1986, cut deeply into Yugo's sales.

The Hyundai Excel, of which more than 200,000 were sold in 1986, cost only \$1,500 more than the Yugo and received top ratings from Consumer Reports.

Chrysler Corp. also joined in with a stripped-down Omni Horizon compact that sold for less than \$6,000.

Since the debut of the Yugo, the market for low-cost subcompacts has grown to 500,000 cars annually. While European drivers generally are satisfied with manual stick-shift transmissions, many American drivers do not know how to use them.

By the end of 1989, the company will replace the Yugo carburetor with fuel injectors, Mr. Cimnara said, but has yet to conclude an agreement to buy transmissions.

Yugo hopes to introduce by January a convertible model called the GVC Cabrio, which will sell for about \$8,300.

By the end of 1989, the company will replace the Yugo carburetor with fuel injectors, Mr. Cimnara said, but has yet to conclude an agreement to buy transmissions.

But the original Yugo car body, built in Kragevec, Yugoslavia, proved too small to accommodate any known automatic transmission without an extensive, costly redesign. Yugo has now completed the redesign, its vice president, Tony Cimnara, said, but has yet to conclude an agreement to buy transmissions.

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U.S. Futures

Via The Associated Press

Month	Open	High	Low	Close	Chg.
Nov 22	100.00	100.00	100.00	100.00	0.00

Grains

Month	Open	High	Low	Close	Chg.
Nov 22	1.25	1.25	1.25	1.25	0.00

Meats

Month	Open	High	Low	Close	Chg.
Nov 22	1.50	1.50	1.50	1.50	0.00

Oil

Month	Open	High	Low	Close	Chg.
Nov 22	1.75	1.75	1.75	1.75	0.00

Metals

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Livestock

Month	Open	High	Low	Close	Chg.
Nov 22	1.20	1.20	1.20	1.20	0.00

Currency Options

Month	Open	High	Low	Close	Chg.
Nov 22	1.10	1.10	1.10	1.10	0.00

Financial

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Stocks

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Commodity Indexes

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Market Guide

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Forward Deals

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

DM Futures Options

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Spot Commodities

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

U.S. Treasuries

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

London Metals

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Forward Deals

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

DM Futures Options

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Spot Commodities

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

U.S. Treasuries

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Municipal Bonds

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

European Bonds

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Canadian Dollar

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Japanese Yen

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Swiss Franc

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Lumber

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Crude Oil

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Stock Indexes

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Commodity Indexes

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Market Guide

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Forward Deals

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

DM Futures Options

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

Spot Commodities

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

U.S. Treasuries

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

ECU MULTIPLEMEANT

AVIS aux Actionnaires
Convocation

Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de l'ECU MULTIPLEMEANT, Société d'Investissement à Capital Variable, qui sera tenue au siège social, 10A, Boulevard Royal, Luxembourg,

le Mercredi 7 décembre 1988 à 15 heures et qui aura l'ordre du jour suivant:

1. Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos au 30 septembre 1988.
2. Recevoir et adopter le rapport du Commissaire pour l'exercice clos au 30 septembre 1988.
3. Recevoir et approuver les comptes annuels pour l'exercice clos au 30 septembre 1988.
4. Affectation du bénéfice de la Société.
5. Donner quinze aux Administrateurs et au Commissaire pour l'accomplissement de leur mandat jusqu'au 30 septembre 1989.
6. Recevoir et accepter la démission d'un Administrateur de la Société et pourvoir à son remplacement.
7. Renouveler le mandat des Administrateurs et du Commissaire pour un terme d'un an devant expirer à la prochaine Assemblée Générale Ordinaire des Actionnaires.
8. Réduction du nombre des Administrateurs.
9. Divers.

Les actionnaires nominaux inscrits au registre des actionnaires à la date de l'assemblée seront autorisés à voter ou à donner procuration en vue du vote.

Les procurations doivent parvenir au siège social au moins 24 heures avant la réunion.

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 21 novembre 1988.

Des formules de procuration sont disponibles sur demande au siège social de la Société.

Pour avoir le droit d'assister ou de se faire représenter à cette assemblée, les propriétaires d'actions au porteur doivent avoir déposé leurs titres cinq jours francs avant l'Assemblée soit au siège social de la Société, soit aux guichets d'un établissement bancaire.

Pour le Conseil d'Administration
Secrétaire Général

JAPAN

will be featured in a special news report, prepared by the editors of the International Herald Tribune. It will appear on Monday Dec. 5. Don't miss this important issue.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

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- The China market: What to look for in four key cities.
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If you are planning a business trip to Asia or know someone who is, get this latest guide from the International Herald Tribune, the newspaper that's been printing daily by satellite in Asia since 1980.

The Guide covers 16 cities, including four in the People's Republic of China: Bangkok, Beijing, Brunei, Canton, Hong Kong, Jakarta, Kuala Lumpur, Macau, Manila, Osaka, Seoul, Shenzhen, Singapore, Taipei, Tokyo.

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Paris Commodities

Month	Open	High	Low	Close	Chg.
Nov 22	1.00	1.00	1.00	1.00	0.00

London Commodities

Month</

CURRENCY MARKETS

Dollar Sinks Despite Intervention

Compiled by Our Staff From Dispatches NEW YORK — The dollar fell Tuesday, extending declines set in Europe despite repeated intervention by central banks.

Two rounds of dollar purchases for yen by the Bank of Japan in Tokyo and at least three by the Federal Reserve Board in New York failed to halt the currency's slide, dealers said.

The intervention began after the dollar dropped Monday following remarks by President-elect George Bush expressing continued opposition to tax increases to reduce the U.S. budget deficit.

That deficit, and the U.S. trade gap, are key sources of concern in the markets.

"The dollar is inherently weak," said Stuart Frost of National Westminster Bank. "It may be a bit unfair of the market to expect anything so soon from the president-elect, but it still wants reassurance."

The dollar fell to 121.275 yen at the close in New York, from 121.925 on Monday, while it dropped to 1.7188 Deutsche marks from 1.7283 DM.

The British pound advanced to \$1.8338 from \$1.8235, while the U.S. currency fell to 1.4458 Swiss

Table with 3 columns: Currency, Buy, Sell. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

francs from 1.4553 and to 5.8760 French francs from 5.9080.

In Tokyo, market sources said the Bank of Japan bought dollars for yen heavily at around 121.65 yen during morning trading, and again in the afternoon at 121.75.

In New York, the Fed intervened at least three times, dealers said, also buying dollars for yen at around 121.75, again at 121.55, and finally, shortly before the close, at 121.30 yen.

Mr. Bush told a gathering of Republican governors Tuesday in Point Clear, Alabama, that he considered the deficit a pressing problem and would "work constructively" with Congress.

The pound rose to \$1.8320 from \$1.8250, while the dollar fell to 1.4473 Swiss francs from 1.4524 and to 5.8850 French francs from 5.9025.

The dollar, down 10 percent since the summer, is close to a historic low of 120.20 yen that it touched on Jan. 4 in the shadow of the 1987 crisis in financial markets.

Mulroney Win Lifts Level Of Currency

TORONTO — The Canadian dollar rose sharply Tuesday after the election victory of Prime Minister Brian Mulroney's Conservative party.

In New York trading on Tuesday, the Canadian dollar closed at 79.99 U.S. cents, up from 79.20 cents at the close on Monday.

The free trade agreement with the United States — which was opposed by the Canadian opposition — is generally regarded by the markets as a positive development.

The pound rose to \$1.8320 from \$1.8250, while the dollar fell to 1.4473 Swiss francs from 1.4524 and to 5.8850 French francs from 5.9025.

The dollar, down 10 percent since the summer, is close to a historic low of 120.20 yen that it touched on Jan. 4 in the shadow of the 1987 crisis in financial markets.

U.S. Investigates Japanese Construction Barriers

By Clyde H. Farnsworth New York Times Service

WASHINGTON — Under orders from Congress, the U.S. trade representative, Clayton K. Yeutter, has begun an investigation of Japanese practices that might bar American contractors from access to Japanese construction projects.

The investigation, which could last up to a year and could lead to the imposition of punitive duties against imports from Japan, was required under the Omnibus Trade and Competitiveness Act of 1988, signed by President Ronald Reagan on Aug. 23.

The move was announced without comment by Mr. Yeutter's office on Monday and came only days after Mr. Reagan had cited Japanese construction contracts as an area in which the United States was making progress on trade issues.

The administration had opposed the provision mandating the investigation but did not consider the issue important enough to warrant a veto of the sweeping trade legislation, which contained many provisions that the administration had sought.

The administration had already worked out an agreement with Tokyo, signed May 25, that established changes in bidding procedures.

The agreement was intended to make it easier for American contractors to participate in 14 Japanese construction projects on which a total of \$17 billion is to be spent.

Although Mr. Yeutter's office played down Monday's action, it begins a formal process that will give the construction industry and other parties a chance to press the incoming Bush administration for retaliation against Japan if contracts are not forthcoming.

At a hearing Sept. 28 before a subcommittee of the Senate Foreign Relations Committee, industry representatives said the May pact had not yet produced any contracts for U.S. companies.

Mark G. Chalpin, vice president of government and international affairs for the National Constructors Association, which represents large American contractors, said there are still no Japanese contracts for American companies.

He added that there also have been "no changes in the actions and attitudes of Japanese owners in the construction industry to indicate a true opening of the Japanese construction market."

The American industry has accused Japanese contractors of collusion and bid-rigging and of ostracizing Japanese subcontractors who try to work with American companies.

Japan awards nearly \$300 billion worth of construction contracts annually, second only to the United States, where contracts total about \$400 billion a year.

In Tokyo, construction industry officials reacted calmly to news of the investigation. "The investigation is just a routine procedure," said a spokesman for the Japan Federation of Construction Contractors, Reuters reported.

"We have been making due efforts to open up the construction market for foreign firms," the spokesman said. "The investigation will certainly prove the openness of the Japanese market."

The dispute over construction contracts goes back to the mid-1980s and gained considerable momentum from Japan's refusal to allow American participation in building the giant Kansai international airport near Osaka.

On five occasions, the Reagan administration's trade policy review group, a sub-Cabinet panel of deputy officials from various agencies, voted to recommend to the Cabinet-level Economic Policy Committee that an unfair trade investigation be opened on the construction issue.

Each time the recommendation was overruled.

ASSESS: Economy Rolls Along Despite Market Jitters

(Continued from Page 1)

year, many economists and market experts thought that stock prices reflected the outlook for the economy and for corporate profits. The collapse, according to this view, should have ushered in a recession. It did not.

Many economists, partly as a result, have become skeptical of theories linking the behavior of the economy and market prices.

"Most people are coming to realize that it is very hard to pin day-to-day changes in the markets on what is really happening in the economy," said Peter L. Bernstein, an economic consultant in New York.

Instead, psychological factors are cited, like the fears engendered by the deficit, or the tendency among managers of multibillion-dollar portfolios to mimic each other's investment practices.

Whatever the explanation for the market turmoil, the economy itself has remained on a fairly steady course, which is explained by two prevailing views.

One is that the economy is growing more slowly today than it was in the first half of the year, as measured by the gross national product. The second is that no one yet knows, from the available data, whether the slowdown will continue, or whether the growth rate might reverse and accelerate again.

The most recent statistics fail to resolve the uncertainty. They suggest that the economy could go in either direction.

Retail sales, for example, rose sharply in September, the Commerce Department reported. That would seem to signal an acceleration in economic growth, if not for the fact that the increase mostly offset earlier declines, Mr. McKelvey said.

Two other ambiguous developments were the report that industrial production had risen in October and the related statistic that the operating rate of U.S. factories, mines and utilities had reached 84 percent of full capacity.

So high an operating level would seem to mean that manufacturers are finally running short of factory space and will not be able to produce all the goods needed to fill orders for export as well as for domestic customers.

But an 84 percent operating rate might not mean that factory capacity is really scarce. The overall rate reached this level in October mostly because of production increases in industries that still have capacity to spare, like motor vehicles and machinery.

More than anything else, a Labor Department announcement two weeks ago has fueled concern that economic growth might be accelerating. The department announced that unemployment in October rose by a healthy 323,000 and the civilian unemployment rate fell to 5.3 percent.

But most of the 323,000 new jobs came in the services sector and not in goods-producing industries, on which the economy depends for expansion.

U.S. Approves Futures On Foreign Securities

WASHINGTON — The Commodity Futures Trading Commission approved on Tuesday the first U.S. futures contracts on foreign government bonds and stock indexes, tightening links between financial markets in Asia, the United States and Europe.

The agency paved the way for the decision on Monday by allowing futures brokers to hold customers' money in offshore bank accounts. This will allow the exchanges to price and settle the contracts in foreign currencies, avoiding foreign exchange transaction costs.

The agency voted unanimously to approve the Chicago Board of Trade's application to trade futures contracts on long-term British government bonds, long-term Japanese government bonds and the Japanese Nikkei stock index.

The commission also approved the Chicago Mercantile Exchange's application to trade futures contracts on the Nikkei stock index and an option on that contract.

In addition, the regulatory agency was expected later Tuesday to clear the way for the Chicago Mercantile Exchange to trade futures contracts on the federal funds rate, the rate banks charge each other on overnight loans.

The new contracts will further heat up competition for business among the world's major futures exchanges. The two government bond contracts to be offered by the Chicago Board of Trade will be substantially the same as those already offered by the London International Financial Futures Exchange.

The Japanese government bond contracts in London and Chicago also compete with the contract offered by the Tokyo Stock Exchange.

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Oil Markets in Disarray on Iranian Remark

Compiled by Our Staff From Dispatches VIENNA — The Iranian oil minister, Gholamreza Aqazadeh, on Tuesday rejected any OPEC production deal that would allow Iran to pump the same amount of oil as Iran, throwing world oil markets into disarray.

The minister's comments appeared to dash hopes that had been building during a day of frenzied behind-the-scenes bargaining in Vienna that the 13-nation Organization of Petroleum Exporting Countries was on the verge of clinching a deal to rein in overproduction.

Earlier in the day Rihwan Lakman, the OPEC president, had raised the chances of success as good, and told reporters he was "very optimistic." A sudden and dramatic surge of optimism then swept

through the sixth day of talks in Vienna and the price of oil on world markets soared by almost \$1 per barrel.

But Mr. Aqazadeh's uncompromising statement on Tuesday evening caused what dealers described as "pandemonium" in futures trading on the New York Mercantile Exchange.

The December contract for West Texas Intermediate, the benchmark U.S. crude, plunged by \$1.15 a barrel in three-and-a-half minutes, the most rapid fall ever, dealers said.

The market later recovered slightly, and West Texas for December delivery closed at \$13.85 a barrel, well above Monday's close of \$12.91.

Mr. Aqazadeh, speaking through an interpreter, told journalists, "I will never concede to parity."

Speaking after his latest talks with Mr. Lakman, the Iranian minister added, "We have a certain percentage share of the quota" set by OPEC. "This percentage share is not changeable under any quota ceiling and this we have made clear to our friends," said Mr. Aqazadeh.

In another sign that the hoped-for breakthrough may have stalled, an OPEC official said that ministerial talks adjourned since Monday will resume on Wednesday afternoon and not in the morning, as planned.

The spokesman gave no immediate reason for the delay. The postponement was confirmed by a Gulf delegate, who declined to be named.

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 100 most traded issues of dollar value. It is updated twice a year. Via The Associated Press.

Table with 10 columns: 12 Month, 6 Month, Div. Yld. PE Ratio, High, Low, 4 P.M. Close. Lists various stocks and their prices.

Table with 10 columns: 12 Month, 6 Month, Div. Yld. PE Ratio, High, Low, 4 P.M. Close. Lists various stocks and their prices.

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سكرا من الاصل

BOOKS

THE GRAND GUIGNOL: Theater of Fear and Terror

By Mel Gordon. Illustrated. Paperback. 188 pages. \$12.95. Amok Press, P.O. Box 51, Cooper Station, New York, New York 10276.

Reviewed by John Gross

BLOODCURDLING shrieks, fiendish schemes, deeds of darkness, mayhem and mutilation—we all have a rough idea of what Grand Guignol stands for. But until now it has been hard to find out much more about it than that.

According to the American theater historian Mel Gordon, no major history of the theater so much as mentions it, although it is a form of entertainment that held its own in Paris for more than half a century. In "The Grand Guignol," Gordon has made a thorough job of filling the gap. In addition to a concise history of the Théâtre du Grand Guignol, the book contains summaries of 100 Grand Guignol plots, the texts of two plays, photo documentation of three others and an essay on "Fear in Literature" by the Grand Guignol's most prolific playwright, André de Lorde. The illustrations, most of them suitably grisly, are drawn from Grand Guignol programs, publicity stills and posters.

The precedents for Grand Guignol go back as far as you care to trace them—to primitive blood rites if you prefer, certainly to the charnel house tragedies of the Elizabethans and Jacobites.

Gordon sticks to the story of the Théâtre du Grand Guignol itself, however, and that of its immediate precursors. First came the popular melodramas of the early 19th century. Then, in 1837, André Antoine founded the Théâtre Libre, which was formally dedicated to mounting naturalistic plays in the spirit of Zola.

As in the case of fiction, however, naturalism often proved another name for sensationalism, and the Théâtre Libre's staple offerings included lurid plays set in the French underworld.

It was a specialist in such pieces, Oscar Méténier, who in 1897 hired a former chaplain and turned it into the Théâtre du Grand Guignol. (Guignol is a popular French puppet show, named for its principal character; this was to be a puppet show for grown-ups, with flesh-and-blood puppets.)

Under Méténier and his successors, the new theater soon built up a faithful clientele, and by 1910 it was a recognized tourist attraction. Its palatial days were in the 1920s, when regular patrons included members of several European royal families; it survived World War II, but by the end of the 1950s what Gordon calls "a camp quality" had begun to overtake its productions, and it finally closed its doors in 1962.

Until its last decadent phase, people undoubtedly went to the Grand Guignol in order to be frightened. There was a fair amount of swooning, with rather more men fainting away than women (possibly, as Gordon suggests, because the men weren't supposed to cover their eyes at the horrifying moments).

It may seem odd that audiences didn't laugh as well, but the management guarded against this by what it called "the hot and cold shower" format. The plays were quite short, and in the course of an evening a pair of horror plays would generally alternate with a pair of light comedies or farces: You had your fun, and then you got down to the serious business.

Grand Guignol never really caught on outside the French-speaking world, except for a brief period in London in the early 1920s, when Sybil Thorndike—a leading classical actress—appeared in a series of horror

plays in which she was crushed by collapsible ceilings and otherwise disposed of.

The Grand Guignol influence on the cinema was much stronger, but eventually moviemakers learned to perform tricks that went far beyond anything the theater could hope to achieve with its stage blood and daggers with retractable blades.

That the Grand Guignol lasted for as long as it did, even so, suggests how keen a thrill its audiences got from seeing live actors miming torture and terror, before their very eyes. The catalogue of 100 plots makes the ritualistic nature of the tradition clearer than ever. The same themes come up again and again, and so do the same kind of settings: sinister cities and asylums run by madmen, in particular, although in Grand Guignol country a visit to a lighthouse or an abandoned villa isn't recommended either.

In a century in which so many terrible things have happened, Grand Guignol seems both more and less shocking than it once did: utterly silly, yet an admiring of what some people will actually do if they are given a chance. It embodies impulses that can't be disregarded, much as one might like to.

John Gross is on the staff of The New York Times.

BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'THE SANDS OF TIME' by Sidney Sheldon.

NONFICTION

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'THE LAST LION' by William Manchester.

ADVIC, HOW-TO AND MISCELLANEOUS

Table with columns: Rank, Title, Author, Last Week on List, Weeks on List. Includes titles like 'THE 8-WEEK CHOLESTEROL CURE' by Robert E. Kowalski.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Nov. 22

Large table of stock market data for various countries including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Rome, Tokyo, and Zurich.

Table of stock market data for Toronto, Canada, and various international markets.

ACROSS

- 1 Probate item
6 Presidential nickname
9 Manhattan problem
12 Porticoes
13 Hindu deity
14 Was on the hook
15 Analyze a sentence
17 Scent
18 'The _____ George Apley'
19 'Honor Thy Father' author
21 Milano money
22 British carbine
23 Wrights' hometown
25 Scout
26 Four imperial bushels in England
31 Spread
32 Cruising
34 Flanders flower
38 Kind of twin or cat
40 Used-car deals
42 Small South American monkeys
43 Rumpole
45 London art angel
46 One using T.L.C.
48 'My _____ Eileen'
50 Chase
53 Wise owl
57 Undiluted
58 Streisand hit show
61 Lit for a skier
62 V.O.A.'s parent agency
63 Greek theater
66 Parachutist
68 Cozy
69 Taut
70 Bout

Crossword puzzle grid with clues for Across and Down.

WEATHER

Table of weather forecasts for Europe, Asia, North America, Africa, Latin America, and Oceania.

DENNIS THE MENACE

Comic strip panel for Dennis the Menace showing a boy with a turkey.

PEANUTS

- 8 Rio Grande city
9 Ships' small craft
10 Expect
11 Paris or D.C. subway
13 Lear or Othello
15 Campus V.I.P.
20 An ICBM
24 Elec. units
25 Outlay
28 Part of et al.
29 Undiluted
28 'Peanuts,' for one
30 Henley gear
33 Dotted with stars: Her
35 Subdivision chart
36 A Rose
37 North Sea
39 Jacob's twin
41 Emerson product
44 Fashion material
47 Spurn
49 Gold bars
50 Kettles, e.g.
51 Brown pigment
52 Lasso
54 River hazard
57 Annapolis letters
58 Nice notion
59 Budget item
60 Missing
64 Recent Comb. form

Comic strip panel for Peanuts featuring Snoopy and Woodstock.

ANDY CAPP

Comic strip panel for Andy Capp showing a man at work.

BLONDIE

- DO YOU SNEAR TO TELL THE TRUTH?
THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?
YES, OF COURSE, III! HE DOES!
Y'HELL TRY ANYTHING ONCE!

Comic strip panel for Blondie.

WIZARD OF ID

Comic strip panel for Wizard of Id.

REX MORGAN

- THE FACT THAT VERA VALETTE IS AWAKE IS A GOOD SIGN, ISN'T IT?
YES—BUT IT DOESN'T TELL US WHAT HER MENTAL CAPACITY IS, JUNIE. YOU BETTER RUN BY THE HOSPITAL TO SEE HER!
I FEEL MUCH BETTER NOW THAT I'VE OUPURGED THAT KID OF COCAINE. HALL! YOU'VE GOT TO BE MY LAWYER, WON'T YOU?
YES—IF YOU'VE GOT THE GUILTY!

Comic strip panel for Rex Morgan.

GARFIELD

Comic strip panel for Garfield.

BEETLE BAILEY

- WHAT'S THAT NOISE?
MISS BUXLEY, TELL THE MEN TO BE QUIET! BE STERN WITH THEM!
NOW YOU GUYS BE QUIET OR I'LL TURN YOU OVER MY KNEE AND GIVE YOU A GOOD SPANKING.
YIPE! HEY! OW! WOW!

Comic strip panel for Beetle Bailey.

DOONESBURY

Comic strip panel for Doonesbury.

JUMBLE

Word puzzle section with a cartoon and a list of words to be unscrambled.

Solution to Previous Puzzle

Grid of letters for the solution to the previous crossword puzzle.

Arabic text at the bottom of the page.

SPORTS

UEFA Cup, in Rare Turn as Soloist, Has a Solid Act

International Herald Tribune LONDON — Those of us who relish the triumphs of life's lesser beings are having fun with the UEFA Cup this year.

ROB HUGHES

enough to win championships and national cups. On Wednesday, the UEFA Cup has the ballroom all to itself.

Its new playmaker, Olaf Thon, scored again last weekend, as did the Swede Johnny Ekstrom, whose signing from Empoli was bitterly criticized by West Germans.

of dealing with budding stars of the Bundesliga. Inter Milan has labored to respond to the rigors of coach Giovanni Trapattoni, but his summer imports were bred to such discipline.

All the money ended up with Bayern Munich. Inter bought strength and determination, and Bayern reinvested in attack; everybody's happy.

The key to their contest might not be how much Matheus and his former colleagues cancel one another out. It could hinge on Inter goalkeeper Walter Zenga's face mask.

Napoli recently hit Pescara for eight goals. Last Sunday it followed up with five against Juventus, in Turin, where Maradona was upstaged.

little Ronaldo, who dares occupy Carera's shirt on the national team and who has begun his move to PSV Eindhoven with five goals in three games.

In the runt of European club competitions, born as a nice little earner for fringe teams not good enough to win championships and national cups, Italy has four competitors blessed with the advantage of playing the third round's away leg first.

not be so resilient, having been heavily involved in the French defeat against Yugoslavia last Saturday.

Claude Bez, the Bordeaux president and a central figure behind Michel Platini's installation as selector of the new France, gave his own midfielder, Jean Tigana, no choice but to come out of international retirement to lead the nation.

Hearts of Scotland and Velez Mostar of Yugoslavia. Hearts' league form has collapsed, one of the team's co-managers has been fired and the boardroom is split.

Since Mostar progressed on penalties against Belenenses of Portugal after two scoreless draws, there may be more to report off the field than on it.

Alex MacDonald, the surviving manager at Hearts, likes to reduce the unknown by pinning photographs of opponents in the dressing room.

For that "irresponsible act" the director (or rather former director) Douglas Park, this week was fined £1,000 (\$1,825).

Park resigned two weeks ago so that he can attempt a takeover bid for Hearts.

The handover beats many of those at the Berlin Wall. As part of the trade, Dassave's club, Moscow Spartak, plays an exhibition in Sevilla. For the first half, Dassave will perform for Spartak; second half, same goal, different jersey — for Sevilla.

After that \$2 million will change hands — 45 percent to the USSR sports committee, 40 percent to Spartak... and five percent to Dorna, the negotiating agency.



Carlos scored a hat trick against Juventus, above, upstaging Diego Maradona, his Napoli teammate.

Celtics Face Life Without Bird

By Anthony Cotton

BOSTON — The horrific truth has been the lead item on nightly newscasts and on newspapers' front pages: Three months, maybe four — no Larry.

It's taken a while for it to sink in that Larry Bird of the Boston Celtics, three times the National Basketball Association's most valuable player, will be sitting out 3½ months after surgery to remove spurs on the Achilles' tendons of his heels.

Bird said he knew as early as two weeks ago that something had to be done about the pain he said was "like someone jabbing you in the feet with a knife, or always having to walk with a rock in your shoe."

Bird said the pain started early last season, when he missed four games with sore Achilles' tendons, and "things haven't been right from then on. I struggled into March, but then I felt a little better. In the first eight days of training camp this year I felt good but when we went over to Spain (for a tournament), the left one started bothering me and then the right started hurting, too."

Bird and the Celtics were still hopeful that medication and therapy could solve the problem, but Bird said he experienced pain throughout the second game of the regular season, against Philadelphia.

"I've seen him when he's feeling great, and there was a big difference," said teammate Dennis Johnson. "If you take a guy like Larry and he's only out there playing 16 minutes, you know that there must be something hurting him. He wanted to try and play anyway; he leads by example."

The last straw came in a victory over the Miami Heat last Tuesday, Bird's 16-minute night. "After running up and down the court five or six times," he said, "the pain came back. I knew there was no way then; I took a 20-second time-out and when I went back on the court

go out and get 30 points, 10 rebounds and seven assists and take over at the end of every game." Bird said, "Now, I've been getting 12 or 14 points, six rebounds and four assists and they've been saying, 'Hey, get off the court, you're hurting us more than helping.'"

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I knew I was done. It took me another five minutes to get loose." Bird said he saw three doctors, with at least another three consulting on his case. The most alarming thing, he said, was that the spurs in his right leg had tripled in size from last spring.

"I always said I'd make it through my career without a serious injury," he said. "I've lived on the edge for two years — now I'm just glad to have it done... Something happened, so let's do it and get myself back to where I was before."

The 4-5 Celtics are trying, none too confidently, to fall in with that. "I kept hoping, looking around trying to figure out some way to handle it," said coach Jimmy Rodgers. "But I watched as they did different things and nothing seemed to stick. They would work on him and he'd feel good a little while but nothing lasted long."

In his first season as head coach, Rodgers' intent had been to give Boston's heretofore seldom-used bench some extra playing time. Bird's injury makes that a veritable necessity. It's unlikely the Celtics will try to deal to bring in an established player.

Able to walk with a new cast, Bird was discharged from the hospital Monday. Said Dr. Arnold Scheller, the team physician: "My original prognosis of his return to basketball in 3½ to four months at this point appears reasonable."

Even stacked atop each other, none of the other Celtics could approximate Bird's blend of shooting, rebounding, passing and court savvy. "We're going to miss him a lot," said Johnson. "If anyone here suggests otherwise, they're lying."



Larry Bird of Boston: "I've lived on the edge for two years..."

SCOREBOARD

FOOTBALL

College Top-20 Rankings

Table with columns for Rank, Team, Record, Pts, and Opp. Lists top 20 college football teams.

BASKETBALL

NBA Standings

Table with columns for Conference, Team, W, L, Pct., and Games Behind. Lists NBA team standings.

U.S. College Results

Table with columns for Division, Team, W, L, Pct., and Games Behind. Lists U.S. college basketball results.

HOCKEY

NHL Standings

Table with columns for Conference, Team, W, L, T, Pct., and Games Behind. Lists NHL team standings.

NFL Standings

Table with columns for Conference, Team, W, L, T, Pct., and Games Behind. Lists NFL team standings.

National Basketball Association Leaders

Table with columns for Team, Player, and various statistics like Points, Rebounds, Assists. Lists NBA leaders.

TENNIS

Table with columns for Player, Opponent, and Score. Lists tennis match results.

U.S.-Soviet Drug Pact Is Nearer

Compiled by Our Staff From Dispatches

MOSCOW — The United States and the Soviet Union have signed a preliminary agreement that could lead to the first drug testing program of their top athletes during training, a Soviet sports official said Tuesday.

Dr. Sergey Portugolov, a member of the national sports committee, said the agreement was signed late Monday by Baron Pittenger, executive director of the U.S. Olympic Committee, and Vasily Gromyko, deputy chairman of the Soviet State Committee for Physical Culture and Sports.

It is subject to approval by both nations' Olympic committees. The agreement would be the first major attempt by each country to eliminate the use of such performance-enhancing drugs as anabolic steroids. It would also help to ease athletes' suspicions that their opponents are benefiting from these substances, reducing the feeling that such drugs are needed to compete on an equal basis.

Currently, athletes are tested at most major international competitions, but only a few countries test athletes in training. For the Soviet Union and the United States to agree to do so would represent a major breakthrough in the battle against drug use by athletes.

The protocol would allow Soviet medical personnel to test U.S. athletes when they are competing in the Soviet Union or to enter the United States to test athletes in training. U.S. drug testers would have the same opportunities to test Soviet athletes.

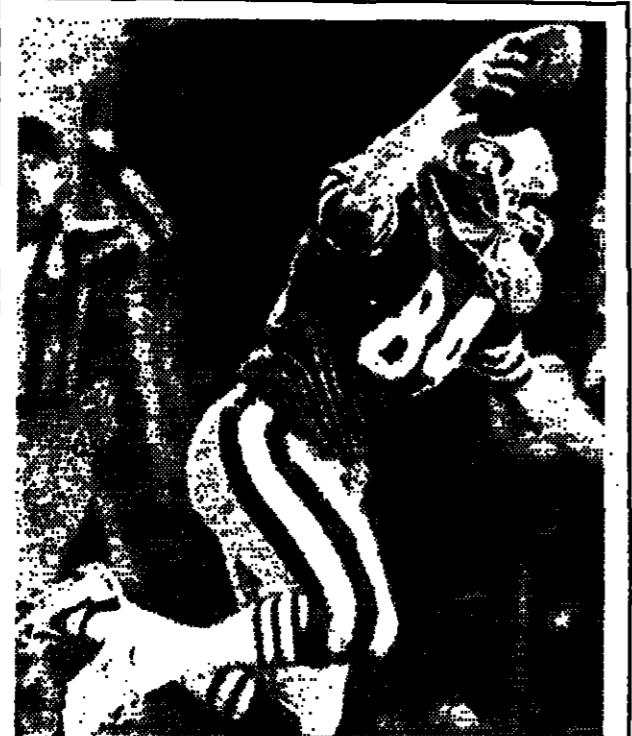
are banned by the International Olympic Committee, Portugalov said, adding: "This agreement is open... We invite any other country to join us in our battle to solve the doping issue in sports."

Logistics were not included in the document, but both Pittenger and Gromyko said they envisioned no problems in agreeing on final details and gaining approval by their respective Olympic committees.

Final implementation could hinge on the USOC's ability to solve several key problems, the most difficult of which may be creating an out-of-competition testing

framework that does not violate athletes' civil rights. Juan Antonio Samaranch, president of the IOC, praised the U.S.-Soviet initiative. "It's very helpful that the national Olympic committees from the United States and the Soviet Union are ready to work together against doping," he said.

The IOC has sponsored an anti-doping charter, which sports ministers from at least 70 countries are expected to ratify during a conference in Moscow that began Monday and that was independent of the meeting of sports officials from the United States and Soviet Union. (NYT, AP)



49ers Dim Redskin Hopes, 37-21

Brent Jones caught an 18-yard pass from Joe Montana to open the scoring and the 49ers went on to a 37-21 NFL victory over Washington Monday night in San Francisco. The 6-6 Redskins fell to fourth in the National Conference East and are in danger of becoming the ninth straight league champion to fail to repeat.

Paris Planning New Stadium

The Associated Press PARIS — Mayor Jacques Chirac announced plans Tuesday for a new stadium with a seating capacity of 90,000-100,000. With a site yet to be selected, he said construction would start in 1990 "in view of the World Cup of 1998," referring to the quadrennial soccer tournament.

New Approach in Brooklyn

New York Times Service

NEW YORK — Every director of athletics at any of the schools in the City University of New York will tell you how difficult it is for a city school to gain national prominence in sports.

Brooklyn College reached the second round of the Division I NCAA soccer tournament because of the realistic approach by Len Raitman, the school's athletic director and soccer coach.

"We attempted to get the kind of kids that go to schools in Florida and California and we were completely unsuccessful," Raitman said, referring specifically to soccer players.

"The top American players don't want to be commeters in an urban environment." Raitman realized quickly that the type of student athletes

attending city schools are mostly immigrants like himself. Raitman was born in the Soviet Union in 1954, came to New York as a teen-ager and graduated from Brooklyn College.

"We're getting immigrants, or the children of immigrants with minimum expenses for tuition," he said. "We started giving scholarships in 1985."

Some criticized the NCAA for giving the Kingmans a bid because their 15-3 record was against a relatively weak schedule vis a vis other schools. But they justified their presence in the tournament by eliminating Adelphi, 4-1, in the first round before losing to Seton Hall by 5-2 in the second round Sunday.

"Getting the bid and beating Adelphi is the beginning of a new era for us," Raitman said.

Table with columns for Team, Points, Rebounds, Assists, and other statistics. Lists various basketball team stats.

Advertisement for Blancpain watches, featuring a watch image and text: 'BLANCPAIN SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. GOLAY FILS & STAHL'.

Handwritten Arabic text at the bottom of the page.

OBSERVER

Gripped by the Grippe

By Russell Baker
NEW YORK — When I feel a cold coming on it's down the hatch with a good nasal decongestant...

overflow and make a mess of the downstairs apartment. That water has to come out someplace, and if it's diverted from the eyes and nose it is probably going to come out around the neck and shoulders...

Fancy a mogul telling her, "You will never again be Glenda Fitz, box-office poison, my child. Henceforth you are Nodding Galore, Queen of the Silver Screen."

I see her starred opposite Hodding Carter, the former State Department spokesman, in a sizzling \$40 million grosser with plenty of undressing... see an advertising campaign: "Hodding's back and Nodding's got him."

I mentioned a mogul, and of course nobody knows what a mogul is, right? That's because you were unborn in the age of the moguls. Louis B. Mayer, Jack Warner, Harry Cohn — those were moguls. You probably never heard of Mayer unless you're one of the handful who know what Belgium is and who Abraham Lincoln was...

Isn't it strange that millions of people who don't know what a mogul is know about nasal decongestant antihistamine?

Moguls probably didn't have a guess what nasal decongestant antihistamine was, even though they did know about Abraham Lincoln being a hybrid blend of Raymond Massey and Henry Fonda.

Kinda, kids, was Jane's dad, not an old-fashioned Japanese car. So the nasal decongestant antihistamine stops your nose and eyes from emitting water while you're in the grippe of a cold.

It works by attacking the brain's water-control center, which is located perilously close to the good-judgment lever. When its powerful decongestant antihistamine molecules overflow onto the good-judgment lever, phrases like "in the grippe of a cold" occur.

The water cannot be shut off, of course, or the body will fill up, then

I mentioned Glenda Fitz "languishing on welfare," and many of you will ask if Glenda Fitz is the notorious Welfare Queen.

It is a measure of nasal decongestant antihistamine's power to enlarge the brain that I even mention the Welfare Queen, for you are sure to be outraged when I declare that I do not believe in the Welfare Queen, no matter how famous President Reagan has made her and her new Cadillac taking her to buy whiskey with some of her fat welfare checks.

Confessions like that couldn't be made except with the overflowing decongestant antihistamine molecules pressing on the brain's good-judgment lever, because my folks, you see, almost all believe in the Welfare Queen.

Yes, they used to be poor, and now that they're eating high on the hog they like to think that con women disguised as paupers are cunningly taking the ribs right off their hogs. Sundays when I argue politics with the folks I never have the nerve to say, "Come on, folks: only people who talk to the Tooth Fairy and the Easter Bunny take Reagan's Welfare Queen as gospel."

The reason I'm uneasy about saying that is, I think of my folks as folks, and I want them to think of me as folks, too, and I'm fairly sure they wouldn't rank anybody as folks who didn't believe in the Welfare Queen.

Which brings us to the question, what are folks, when you get right down to it? Speaking their folk wisdom, listening to their folk music, uttering their folk phrases like "when you get right down to it" — just who are folks anyhow?

If this cold hangs on, I'll take some more nasal decongestant antihistamine and look into this business with Nodding Galore. New York Times Service

Virgil Thomson's Words and Music

By Michael Field

NEW YORK — He was wearing an overcoat against the November chill. Sitting in the corner of the sofa in the drawing room of his apartment at the legendary Chelsea Hotel, Virgil Thomson looked a little fragile.

But the eyes were as sparkling as ever, the mind as alertly unaged. Humor still bubbled up in his comments on life and music, as sharp and devastating as his "saturation" of the New York Philharmonic in his first review as music critic of the New York Herald Tribune in 1940, a post he held for 14 years.

He will be 92 on Friday. More than half a century ago "Four Saints in Three Acts," an opera he wrote on a text by Gertrude Stein, made artistic history in the United States and France. Earlier this year, a selection of his letters was applauded on both sides of the Atlantic. Next spring, Yale University Press will publish "Words and Music," a book he says he should have written years ago, on setting English to music.

Despite deafness, overcome by conversation through a hearing aid, Thomson can still write music but "can't hear it right. It's off pitch." Recently he has been writing "little portraits and things."

Musical portraits are an invention of his and there are over 150 of them, analyzed in a book by Anthony Tommasini, a Boston musicologist, in 1983. Tommasini is now writing a general volume "Life and Works." Tim and Vanessa Page, editors of his letters, are also preparing a reissue of his articles from the Herald Tribune.

"I'm not working on any enormous opera. You never know what's going to come next, but those things go on," Thomson said.

The new book, "Words and Music," chapters of which will run before publication in The New York Review of Books and in Grand Street, an intellectual quarterly, is in a subject he lectured about in war-shattered France in 1945. "It tells you how to make it work in English, with quotations from every language... It's a very interesting book, with lots of material that isn't elsewhere available. There are 30 musical illustrations from classical vocal music



Michael Field

Musical taste is "like women's styles. Short skirts are selling one year and long ones another."

and then 20 quite extended ones from my own works." False modesty has never been a Thomson trait.

I asked him how he felt about music today. "It's a weakness if you do. Professionals really like to think they know it all. But of course everybody has to run the critical gauntlet. You write reviews of somebody's work and they don't like it. You think, well, they'll have to take it. But when you get bad reviews yourself, you're not convinced that the author is an ignorant pipsqueak and probably in the pay of your enemies."

Thomson has had his share of hostile criticism. One critic called the music of "Four Saints in Three Acts," the first of his two Stein operas, "a sow's ear." I reminded him

"What I particularly remember about 'Four Saints,' it happened in New York and Paris, was that the literary people all said of course Gertrude is thoroughly silly, but the music is divine." And the musical people said "Gertrude is heavenly poetry but the music is not to be considered," he said.

On changing musical tastes: "It's like women's styles. Short skirts are selling one year and long ones another. After all, year after year, women wear pants and skirts and shirts."

On the state of musical composition today: "Boulez is a very brilliant musical mind, Stockhausen will do. The best of those boys is Hans Werner Henze. Germany has music. But it's all pretty serious. German sentiment is pretty hard to sell these days. Paris is quiet. It's quiet in England since Benjie Britten's death, though there's a whole batch of slightly younger composers in Cam-

bridge, pupils of Professor [Alexander] Goehr."

What about Philip Glass? "Mr. Glass is the most successful composer in the world. We were on a program together in Lawrence, Kansas, and we fraterized very nicely and his troupe played my music as well as his. He pays me compliments. He keeps telling me that after all I started this whole simplified business with 'Four Saints' and I said that's all right we're in the same business. You write operas in Sanskrit and I wrote them in Gertrude Stein."

On the origins of his "simple" style: Working with Gertrude Stein led Thomson to drop essays in 20th century dissonance (like his "Sonata da Chiesa" of 1926). "Gertrude herself is so obscure, willfully obscure, that you didn't want to add obscure music to it. You just wanted to add something that it run along like a railway train."

Among his own works, Thomson is particularly fond of his opera "Lord Byron," given its premiere at the Juilliard School in 1972. It had little critical acclaim, though Andrew Porter praised it in The New Yorker. "You know, people are likely to be attached to their less successful children."

Today the most performed of Thomson's works is the second Stein opera, "The Mother of Us All," the libretto of which was finished in Paris in March 1946 and was the writer's last completed work. She died the following July. Based on the life of Susan B. Anthony, leader of the American woman's suffrage movement, "The Mother of Us All" is, as the composer has said, imbued in both text and music with nostalgia for 19th century rural America. For all his cosmopolitanism and experience of the Paris of the '20s, Thomson is a child of the Middle West, which is the source of his homespun music and pungent literary style.

Discussing writing, he said: "You can write or you can't. And if you can, you come through. But it's not an accident. I learned to write in the high schools of Kansas City. Very strict discipline. Well a little bit at Harvard, too. Harvard admitted me to their most advanced writing class on the basis of my Kansas City education."

"Kansas is what you might call a native town. All people were brought up in the neighborhood and they live there forever. New York is very bad for schools because a majority of the teachers were brought up in families where English is not the family language. So they don't know English idiomatically. They didn't have grandmothers singing them little rhymes."

But he had a nostalgic word about the restaurant at New York's Metropolitan Club, one of whose great dishes used to be mushrooms under glass, "done with cream, very rich and sumptuous." On this gastronomic note, the doyen of American composers hauled himself to his feet on his arms and accompanied us to the door.

Michael Field, who has known Virgil Thomson since 1953, is former Paris bureau chief of The Daily Telegraph of London.

PEOPLE

Buchwald Sues Studio On Eddie Murphy Film

The columnist Art Buchwald is not laughing; he is suing Paramount Pictures for \$5 million, accusing it of "brazen misappropriation" of an original idea. Buchwald and a movie producer, Alan Berg, claim that Paramount's "Coming to America," which starred Eddie Murphy as an African prince who comes to New York and works as a janitor in a fast-food restaurant while searching for a bride, is based on Buchwald's "King for a Day." He said the studio let its option lapse in 1983 for the money. "I'm not doing it for the money," said Buchwald, whose column is syndicated in 550 newspapers. "I'm doing it for the little guy who gets beaten up by the big guy. And if you believe that... Buchwald's suit is the third one alleging that the idea for the film was cribbed. Paramount declined to comment.

Prince Charles is taking his campaign for more sensitive building design into the book stores with the publication in March of "A Vision of Britain: Personal View of Architecture." Royalties from the book, based on the Prince of Wales's recent television program, will be given to his Charities Trust along with a \$543,000 advance.

A judge in Memphis, Tennessee has dismissed an inheritance claim by Deborah Delaine Presley, who claimed she was Eris Presley's daughter. In an affidavit, the woman's mother, Barbara Jean Young, said she spent four days with Presley in 1955 at a mobile home. The affidavit said Miss Presley was born nine months later.

David Harris' "The Secret Rapture," a new play due off-Broadway in May, was named best play and a revival of the musical "South Pacific" was named best musical of 1988 by Drama Magazine, published quarterly by the British Theatre Association. Acting awards went to Pauline Collins as best actress, and in a tie to best actor, to Alex Jennings and Tom Wilkinson. Vanessa Redgrave was named best supporting actress, best supporting actor went to Peter Landford. Best director went to Peter Brook, the Paris-based British director, for his staging of "The Mahabharata."

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